Daily Report

Central Eurasia

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Central Eurasia

FBIS-SOV-95-135 *14 July 1995*

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CIS Foreign Ministers Conclude Meeting

LD1307212495 Moscow ITAR-TASS in English 2046 GMT 13 Jul 95

[By Gennadiy Kulagin]

[FBIS Transcribed Text] ALMATY, July 14 (ITAR-TASS) — A Foreign Minister-level conference of the member countries of the Commonwealth of Independent States (CIS) ended in Bishkek today. Among other topics on the agenda heads of Foreign departments of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Moldova and Ukraine focussed their attention on the CIS approaches to activities of the Organization for Security and Cooperation in Europe (OSCE), working out a comprehensive model of European security in the XXI century and relations with NATO and the European Union (EU), according to reports received here today.

Working consultations on a wide range of issues concerning the European security and cooperation within the framework of European organizations were held at the meeting. The participants noted the CIS member countries' willingness to hold regular consultations between Foreign ministries of the CIS countries with the aim of mutually informing each other and coordinating stands and interaction on European problems, as well as other topical aspects of the international situation. The need to hold such meetings, in particular, is felt on the eve of international conferences within the U.N. and OSCE frameworks.

ITAR-TASS Carries Press Review for 13 Jul

LD1307060095 Moscow ITAR-TASS in English 0543 GMT 13 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 13 (ITAR-TASS) — IZVESTIYA frontpages an article by news analyst Valeriy Vyzhutovich under the headline "The Duma interrupts the impeachment procedure. The President feels well".

KOMSOMOLSKAYA PRAVDA carries a reportage by its correspondent who managed to penetrate the grounds of the Central Clinical Hospital where the President is staying.

ROSSIYSKAYA GAZETA emphasises that personal safety becomes the center-piece of social and socio-political stability in Russia.

The newspaper carries an interview with Lieutenant-General Vladimir Kolesnikov, Chief of the Main Criminal Investigation Department at the Ministry of the Interior, who believes that what is needed now is laws "which would enhance responsibility for crimes, particularly grave ones".

At the same time Kolesnikov opposes "imprisonment for offences which do not pose great social danger". Kolesnikov suggests establishing a special institution — a Federal Internal Security Service (FISS) on the basis of the Interior Ministry and the Federal Security Service. FISS should be accountable directly to the President and must take under its control the action to combat economic crimes.

KRASNAYA ZVEZDA on the Russian-Chechen peace talks in Groznyy.

The newspaper is of the opinion that the Dudayev delegation has not put forward a single constructive proposal within the framework of the negotiators-proclaimed readiness to make compromises.

"Dudayev men are much more active on the approaches to the OSCE mission building where the talks are taking place. They fan up passions at the ongoing rally outside the building and even perform a religious dance together with those present. According to various data, 600 to 2,000 militants have already infiltrated the city," the newspaper writes.

IZVESTIYA on the introduction of a new-form foreign travel passports for Russian citizens.

The newspaper carries an interview with Abdulah Mikitayev, Chairman of the Citizenship Commission to the President of Russia. The old-form passports, which are still valid, will not be cancelled, he said.

Mikitayev said an Identity Card of the Citizen of the Russian Federation has already been drawn up. This document will replace the internal passports. However, the Ministry of the Interior still insists on a residential registration stamp and a marital status notation, IZVESTIYA points out.

IZVESTIYA reports an unprecedented protest march, which took place in Ashgabat, the capital of Turkmenistan, on July 12. Thousands of people marched through the central avenue of the capital.

Leaflets, addressed to the Russian-speaking population of the country, urged them "to cease tolerating deceptions and promises of President Niyazov. Join us and together with us, Turkmens, take part in a peaceful march of protest and support us in a demand for new people's elections".

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Press Review for 14 Jul

LD1407054795 Moscow ITAR-TASS in English 0540 GMT 14 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 14 (ITAR-TASS) — ROSSIYSKIYE VESTI carries an interview with Sergey Filatov, Chief of the Presidential Staff.

Commenting on the authorities' actions during the Budennovsk hostage-taking drama, Filatov callled for "drawing up an effective programme to combat crime and for financing it reliably."

In reponse to a question about his political sympathies, Filatov gave preference to "the Party of Social Democracy, Russia's Choice, and the Republican Party — those Social Democratic forces to which an attitude of intransigence is alien".

Pointing out the "indispensablity" of the Russia Our Home movement, Filatov nevertheless voiced misginvings about "the possibility that the development of the movemnet would be dominated by old-style officials".

In conclusion the Chief of the Presidential Staff pointed out that the President and top executives, actually speaking, exert little influence on the legislation drafting process in Russia.

All newspapers run information on the health of Russian President Boris Yeltsin who was hospitalised on Tuesday in view of an exacerbation of the ischaemic heart condition.

KRASNAYA ZVEZDA, in view of difficulties that have arisen in the enactment of the Russian Federation law "On Veterans", runs an editorial calling for the provision of "legal protection for those who discharged their military duty".

"Those who now discharge their military duty in Chechnya or Tajikistan should be reliablly protected from the legal point of view. Funds on the war were found, and money to maintain the war-scarred person must be found all the more".

IZVESTIYA comments on the draft Land Code of Russia which is to be considered by the State Duma, the Lower House of parliament, on Friday.

Land Code draftes "have made an attempt to revise the model of land relations which is specified by the current Constitution of the Russian Federation." The draft Land Code allows private ownership only in agriculture "with rather vague limitations", whereas enterprises in all the other economic spheres are deprived of the right to own land.

IZVESTIYA on wage arrears in Russia.

The newspaper points out that, as of now, wage arrears in Russia have amounted to 8,000,000 million roubles. The newspaper predicts that Russia will face a new wave of strikes. The state of affairs is being aggravated by the increase in food proces.

TRUD states that wage arrears continue to grow. More than 12 million people, i.e. every fifth worker, does not receive wage on time.

The State is not in a hurry to pay pensions either. In place of money, the Finance Ministry has provided the Pensions Fund with Treasury bonds worth 300,000 million roubles, with the Federal budget debt being more than 2,000,000 million roubles.

RABOCHAYA TRIBUNA carries an interview with Mikhail Serdyuk, First Deputy Head of the Russian Interior Ministry's Main Directorate for combating economic crimes, said that about 500 commercial entities, as of now, have ceased payments on the monetary deposits of the population, and damage suffered by the despositors has amounted to 20,000,000 million roubles. No one was called to account for that. Ninety per cent of the directors of bankrupt firms are on the police Wanted List.

KOMSOMOLSKAYA PRAVDA runs an interview with Russian Defence Minister Pavel Grachev, who answered questions "which did not concern his official duties".

RABOCHAYA TRIBUNA carries an interrview with Mikhail Nenashevv, Chairman of the "Ter-centenary of the Russian navy" Social Council, who described the state of affaris in the Russian navy and the course of preparations for the celebration of its ter-centenary.

Central Asia Food Insufficiency Situation Viewed

954F2749A Moscow ROSSIYSKAYA GAZETA in Russian 7 Jul 95 p 13

[Article by Vladimir Berezovskiy: "Iranian Eggs for 'White Gold': Will Central Asia Feed Itself?"]

[FBIS Translated Text] Tashkent — Even old-timers in Tashkent cannot recall such an abundance of meat. The markets and stores are literally crammed with fresh lamb and beef. Moreover, at a relatively cheap price—no more than a dollar. That is the picture in Dushanbe, Ashgabat, and Bishkek. The customer, of course, is satisfied. On the other hand, agrarian specialists are worried. They fully understand that this idyll could end badly. According to statistics, in the last three years the republics of Central Asia have lost 30-50 percent of the livestock population. A massive slaughtering is

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taking place on farms because of a fodder shortage. According to a statement by Kyrgyzstan Prime Minister A. Dzhumagulov, the last sheep will soon be put in the kettle for pilaf. Then what?

As is known, Central Asia previously "answered" to the USSR for cotton, vegetables, grapes, and fruit. Trainloads of meat, butter, sugar, cereals, rice, and grain moved south from our table. The collapse of the Union broke up this established scheme. And it became clear that there is barely enough of the "white gold" to pay for the delivery of fuel and timber from Russia. The problem of how to feed themselves faces the young states in full magnitude.

It seemed a resolution lay at the surface. Reduce the cotton fields, which take up millions of hectares, and turn the valuable irrigated areas over to gardens, truck farms, and grain fields. A sober estimate, however, cooled off the hotheads who declared monoculture "the damnation of the people of Central Asia." The "sunny" republics are gathering a very significant "harvest" of currency from the cotton plantations. Therefore, for example, Tajikistan and Turkmenistan will again increase the production of "white gold" this year. Trouble lies elsewhere. The peasants of Central Asia are encountering, as did the Russian peasants under Stolypin, a shortage of arable land. On average there is only 0.2 hectares per person, which is less than in the ex-USSR by a factor of approximately five. But developing new virgin spaces like the Golodnaya Steppe is no longer affordable.

The ordinary rural family in Central Asia feeds itself from personal plots. Of course, greens are principally grown here, and also corn for cattle. The surplus goes to the market. Nevertheless, the large industrial cities depend almost entirely on the import of foodstuffs, for which the republic spends more than half its earned currency.

Of course, as far back as Soviet times attempts were made to diversify the daily table of Central Asia. Pedigreed cattle were brought in from America and Europe, the sowing of the "queen of the fields" was sharply expanded, a special NII [scientific research institute] for grain growing was established, and oblast centers were surrounded by vegetable-growing farms. But poor productivity and meager milk yields and gains reduced almost all the work to nothing.

After gaining independence, the Central Asian republics concerned themselves with credits and new suppliers of foodstuffs. They did not have to wait long. Chinese potatoes, Iranian eggs, Turkish cheeses, and Dutch butter appeared on the counters. But the prices! In Turkmenistan imported wheat costs $250 per tonne, while grain grown here costs only 40 "greenbacks."

Uzbekistan feels relatively better off than the others. There is more irrigated land here, and the villagers, in contrast to livestock breeding Kyrgyzstan, prefer plant-growing. Owing to the spring rains, crops of wheat and barley grew on dry-farming land. But here also the average statistical person now consumes less meat, potatoes, fish, eggs, vegetables, and fruit. It is worse in Kyrgyzstan, where more than two-thirds of wages is spent on food. Turkmenistan has experienced failures with grain.

On the whole Central Asia in years gone by virtually did not move forward in resolving foodstuff problems. On the contrary, villages were thrown back to the level of the 1950's. In Tajikistan, for example, because of a shortage of spare parts only a third of the tractors and motor vehicles are in working order, and in 1994 the production of meat, milk, and eggs fell by 14 to 42 percent. In Kyrgyzstan mineral fertilizer was added to only a half of the grain fields. Uzbekistan is once again reviving strong poultry farming. But the entire agrarian complex of Central Asia remained just as unprofitable as it was. Moreover, livestock farming is most expensive of all, because of low efficiency and fodder that is indeed akin to gold.

All attempts to reform the village have still not led to fundamental progress. Also having an effect is the peasantry's unpreparedness for farming. Frequently, having become accustomed to working according to the bidding of specialists and the authorities, they do not now how and when to sow and how much fertilizer and herbicides to use, and for many of them the annual balance sheet is like a dark forest. The sovkhoz imeni Kirov of Keminskiy Rayon in Kyrgyzstan is a typical example. It was divided among 54 farms. Only six of them have survived. Abandoned fields have become overgrown with convolvulus and wintercress.

Farming, however, is a strategic path for Central Asia, if it wants to feed itself. Only in this way is it possible to raise the productivity of labor—which even previously was the lowest in the USSR—to increase crop yields, and to raise the indices in the breeding of meat and dairy cattle. All Central Asiatic republics are resolutely geared for this. The villagers in Turkmenistan are leasing parcels of a half hundred hectares for 50 years. The first land allotments have begun to be sold in Uzbekistan. The current year will be "funereal" for kolkhozes and sovkhozes in Kyrgyzstan. All states intend in the future to issue favorable credits to farmers and to exempt them from taxes.

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What is impeding reforms? If market relations completely "cut across" the agrarian sector, this will lead to a mass exodus of villagers to the cities. According to the estimates of specialists, only one out of 10 families will be able to count on its land allotment in the future. Only the fate of a farmhand "looms ahead" for the rest. It is quite understandable that the authorities fear social upheavals.

In addition, there is no money for the village to acquire a dynamic modern appearance. Here all hopes rest on Western investments for the time being.

Kyrgyzstan has moved farther ahead than the others in this respect. The World Bank has already allocated $60 million for the development of grain-growing. The Netherlands have "thrown in" $15 million for the protection of plants, and 15 million Deutsche marks have come from Germany for the purchase of spare parts and agricultural machinery from the former GDR. Israel is introducing sprinkling irrigation technology that saves valuable irrigation water. And plantations of Dutch potatoes that promise a European yield are spreading in all the republics.

The number one task for Central Asia in the immediate years is to achieve grain independence. Altogether no more than 3 million tonnes of wheat and barley is acquired here today. But a minimum of 8-10 million tonnes is needed. Everything rests on the productivity of arable land. At present on average it comes to 10-15 quintals, even with irrigation, which, of course, is far from the maximum for a beneficial climate. The sowing of sugar beets and rice has been expanded. It will be more difficult to restore the lost cattle population. The modernization of the processing industry, which is not coping even with the current volume of agricultural products, will require enormous efforts.

It is evident that the agriculture of Central Asia, which requires substantial investments, will require more than just Western help. Combines, tractors, machines, seeds, herbicides, fertilizer, and plant protection means—this is the field for the joint activity of traditional partners from Russia, Ukraine, Belarus, and Kazakhstan. And such contacts are being expanded more and more. Kemerovo has concluded a contract on cooperation with Bukhara, the Moscow area with Chuyskiy Oblast, Irkutsk with Khudzhand, and Altay with Nukus. This inspires the hope that Central Asia will feed not only itself, but will also adorn the counters of the Commonwealth with Turkmenistan melons, Uzbekistan pears, Tajikistan pomegranates, and Kyrgyzstan apples—the famous Aport.

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Spokesman on Restoring Srebrenica as Safe Zone

LD1307152995 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (Interfax) — Russia proceeds from the assumption that the instruction to the UN Secretary General Butrus-Butrus Ghali to use every means at his disposal to restore the status of safe area in Srebrenica, expressed in a resolution issued by the UN Security Council, "rules out the possibility of using military methods overstepping the framework of the present mandate for peacekeeping operation. This statement was made at Thursday's briefing in Moscow by the Foreign Ministry spokesman Grigoriy Karasin.

As he said, "no endeavors to restore the status of safe area must violate the impartial character of the UN Protection Forces in the former Yugoslavia."

"The UN Protection Forces cannot and must not take actions that would turn them into a party to the conflict, and jeopardize not only the destiny of the UN operation in Bosnia, but also the UN peacekeeping activity as a whole," Karasin pointed out.

UN Representative Comments

LD1307190095 Moscow INTERFAX in English 1722 GMT 13 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 13 (Interfax) — Russia's representative in the U.N. Security Council voted in favor of a resolution appealing to U.N. Secretary-General Butrus Butrus-Ghali to take measures to return the status of a safe zone to Srebrenica, which was recently seized by Bosnian Serbs. However, Moscow "regretfully establishes the fact" that the appeal will "remain only on paper" in the near future, a high-ranking Russian diplomat told Interfax Thursday.

Srebrenica is a Moslem enclave surrounded by predominantly Serb-populated areas. "The restoration of the safe zone status implies the use of force to break a corridor to it. The rapid reaction force is not yet fully deployed, which impedes its use for the purpose," he added.

According to the diplomat, the developments in Srebrenica may follow "the Western Slavonian scenario." "In Western Slavonia (Croatia), the Croats in fact carried out an ethnic purge ousting about 11,000 Serbs. After that, the presence of U.N. peacekeepers in Western Slavonia became senseless, because there is no one to separate there. The same thing may happen to Srebrenica from which about 7,000 Moslems have already fled," he said.

The diplomat said the peacekeepers "will have nothing to do" in Srebrenica in several days' time.

Army Daily Quotes UN Envoy

MM1407113395 Moscow KRASNAYA ZVEZDA in Russian 14 Jul 95 p 3

[ITAR-TASS report: "UN Security Council Has Condemned Taking of Srebrenica"]

[FBIS Translated Excerpt] The UN Security Council has unanimously adopted a resolution demanding that the Bosnian Serbs end their offensive and immediately quit the Muslim enclave of Srebrenica, which the United Nations had proclaimed a "safe area" and which the Serbs have captured. The draft resolution was submitted by Britain, Germany, Italy, the United States, and France.

The Security Council has also demanded that the sides "fully respect the status of the Srebrenica safe area" in accordance with the agreement of 18 April 1993 on the demilitarization of Srebrenica.

The Security Council chairman issued a statement stating that the council is deeply concerned at the recent attacks carried out by Bosnian Serb forces in the "safe areas" of Zepa and Gorazde.

V. Sidorov, the Russian Federation's acting permanent representative at the United Nations, pointed out in his speech in the Security Council, in particular: "The Russian delegation voted for this resolution because it reflects our grave concern at the recent escalation of the Bosnian conflict and also rules out the possibility of the use of coercive methods. Russia calls for a lesson to be drawn from the events in Srebrenica and for the mutually agreed demilitarization of the 'safe areas' in Bosnia to be carried out at last.

"Russia, like the other Security Council members, resolutely condemns the Bosnian Serb army's actions in Srebrenica in violation of the Security Council decisions on safe areas in Bosnia and Herzegovina. We regard all attacks on the UN forces and the taking of hostages among peacekeepers as totally inadmissible and demand their immediate release. We share the opinion of the need to reinstate the demilitarized status of the Srebrenica safe area, which has been violated by the other side in the conflict. Russia continues to believe that a political settlement is the only way to resolve the Bosnian problem, however difficult it might be, based on the proposals of the contact group, whose potential is far from exhausted." [passage omitted]

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Defense Official Opposes NATO Force in Bosnia

LD1307152395 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (Interfax) — A high-ranking representative of the Russian Defense Ministry has said he is against the participation of NATO's Rapid Reaction Force in settling the conflict in the former Yugoslavia.

"The introduction of NATO's servicemen into the fighting area may seriously aggravate the situation in the region and ignite a truly big war," he told Interfax in an interview today.

The military official said the Rapid Reaction Force might get involved in the conflict. "They will certainly begin military actions if their units are fired at by any of the conflicting parties. Then it will be difficult to discover who was the first to shoot," he added.

The military official condemned "the double standards" of the UN in approaching the conflicting parties. He said the international community "quickly and actively reacts to military actions waged by Bosnian and Krajna Serbs but quite often ignores the offensives launched by Croatians and Muslims."

"Such a practice fails to contribute to a settlement of the conflict," the official said.

He also said that despite the formal prohibition of delivering arms to the conflicting parties "neither the Serbs nor the Muslim-Croatian party lack armaments."

"It has long ago stopped being a secret that the Croatians receive armaments from Western Europe and the Muslims — from Arab countries, while the Serbs are using arms produced by the USSR and bought from Eastern European countries," the Russian military official said.

He said he was against the NATO air strikes on the Serb positions. "Such actions only endanger the lives of UN peacekeepers while failing to resolve any political or military problems," the official said.

The Russian military official said he believed that the conflict in the former Yugoslavia could be settled only through talks.

Churkin Arrives in Belgrade for Talks on Bosnia

LD1407140295 Moscow ITAR-TASS in English 1347 GMT 14 Jul 95

[By Ivan Ivanov]

[FBIS Transcribed Text] BELGRADE, July 14 (Itar-Tass) — Russian Ambassador to Brussels and NATO Vitaliy Churkin arrived in Belgrade this afternoon to meet heads of the Bosnian Serb Republic in Pale and discuss the sharply aggravated Bosnian situation and the Serb occupation of the Muslim Srebrenica enclave.

In a brief Itar-Tass interview, Churkin doubted the international community will try to use military force against the Serb to resume the status of the U.N. Protected zone in Srebrenica. "Chances they will try to flight it back are not high," he said.

"However, one cannot say for sure this will not happen to the two East-European Muslim enclaves of Zepa and Gorazde if the Serbs try to take control over them," he added.

Announcing no details of the upcoming Pale negotiations, Churkin gave to understand that the meeting will not witness radically new proposals to the Bosnian Serbs. "Thunder clouds are coming," said the Russian diplomat, describing the current Bosnian situation.

Churkin is expected to stay in Pale till Saturday morning.

Russia Seen Ignored on Bombing of Bosnian Serbs

MM1307140395 Moscow PRAVDA in Russian 13 Jul 95 p 3

[Report by Yevgeniy Fadeyev: "Bad, Distressing, Disgraceful. Bosnia: Concerning the New Bombing Raids"]

[FBIS Translated Text] Belgrade, 12 Jul — The NATO air raid on the Serbs — this time the chiefs let the Dutch air force have a "romp" in the suburbs of Srebrenica — took place against the background of the recent "strong" statement by the Russian president: "The bombing raids in Bosnia will not be repeated."

Russia's resounding cry was again ignored. Indeed, is there anyone now who believes Moscow's dithering diplomats, making statements that contradict what they said before? After all it was B. Yeltsin himself who earlier said: "The Serbs deserved it" (meaning bombing raids).

That is the long and short of our diplomacy in the Balkans.

The reason for the peacekeepers' air raid on the Serbs was a valid one: The latter are attacking Muslims in Srebrenica and offending the "blue helmets." So they have to follow the well-known U.S.-NATO recipe: Simply bomb them. And none of those who are concerned about the fate of the Muslim-Croat federation actually got around to carefully reading the official UN document of protest to the Bosnian Muslim leadership in

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connection with their direct armed attack on peacekeeping forces in the vicinity of Srebrenica, which was issued the day before. "The Bosnian army," it says, "carried out a direct armed attack on UN forces."

So we have the same old Bosnian vicious circle: "The "green berets" attack and severely aggravate the military situation, and the Serbs naturally respond to the attack. So you get an immediate NATO bombing raid — on the Serbs, of course.

Here are the current data of the Serb Republic's leadership. In the past 40 days Muslim terrorists have killed 35 civilians in the suburbs of Srebrenica. Since mid-May the "green berets" have carried out several attacks on peaceful villages in the area....

The "blue helmets" have again displayed their impotence, whichever way you look at it. Although there is good news too for the powerful of this world. Because the peacekeeping forces, due to their mixture of inability and reluctance, will more than likely be leaving Bosnia, and they will be replaced as early as 15 July by a rapid reaction force which is in a state of combat readiness — a 15,000 strong NATO expeditionary corps. So what we have is a new round of military actions with unpredictable consequences.

While the peacekeepers — to be specific, the semimythical Contact Group — mockingly almost, to the accompaniment of the sound of bombs dropping on the Bosnian Serbs, meet in London to consider a peaceful solution in Bosnia. They say the Russian representative also has some new proposals. How many there have been already and how many have been accepted it is impossible to count. It is unfortunate, distressing, disgraceful.

Implications of Clinton Base Decision Viewed

MM1407105295 Moscow IZVESTIYA in Russian 14 Jul 95 p 4

[Report by Vladimir Nadein: "He Who Takes No Risk Is No President"]

[FBIS Translated Text] Washington — U.S. President Bill Clinton has made a decision which, though undoubtedly beneficial to the country, could destroy his hopes of reelection.

As early as this week, U.S. Defense Department staffers have announced, the President will announce the closure of 79 military bases, and also a sharp reduction in personnel at a further 10 bases on the country's territory. This step, which the administration has both desired and feared, will save the budget $19.3 billion and will mean the loss of more than 90,000 jobs.

The military bases to be axed include the Mackellan base in California. In this connection 8,000 jobs will be lost by civilians alone. But the tide of unemployment will also hit those who do not work at the bases but provide services for those who do.

Clinton had planned to carry out the resolute closure of bases which have become a strategic absurdity following the end of the Cold War shortly after the presidential election. California, the largest state in the country, plays a special role in the president's election plans. However, the wholesale victory of rivals from the Republican Party last November and their aggressive tactics in both houses of Congress are forcing the Democratic administration onto the offensive.

The President's decision will be sent to Congress for approval. If Clinton does not sign off on the list of bases to be closed by Saturday, his proposals will not be implemented in the next fiscal year, which in the United States begins 1 October.

The U.S. Defense Department intends to carry out something of an experiment in California and Texas. To be more precise, on the model of the bases which are to be axed — MacKellan and Kelly respectively. The Pentagon is proposing to supply local construction firms with sizable orders. This should ensure new jobs for all 20,000 workers and employees.

If the attempt meets with success, the political damage to Clinton from abolishing the bases will be kept to a minimum. At the same time, an answer will be given to the question which has long troubled the American public: "If the Cold War has ended, and actually ended in success, where are the peace dividends?"

The desire maturing in the White House will give impetus to what is already a fourth wave of military base reductions. They have been wound down since 1988. Two hundred and fifty such facilities have already been closed on U.S. territory and abroad. However, the country's military expenditure as a whole remains at its former level. Moreover, in connection with Congress's latest decisions, it is showing a tendency to grow.

President Clinton — who has only once before used his presidential veto to stop a budget law — is threatening to resort to this decisive means once again. The House of Representatives Tuesday drastically cut appropriations for foreign aid. This did not affect Israel and Egypt, which receive 40 percent of total appropriations. Slices were cut from the aid programs for Haiti, Turkey, and, of course, countries of the former Soviet Union. In particular, $595 million were allocated to Russia. This is $15 million less than the Administration's proposals.

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The House of Representatives also voted to reduce the U.S. contribution to international financial organizations and banks.

The decisions of the lower house, which is usually indifferent to foreign policy, need Senate approval. As a rule, the Senate operates with more circumspection in this sphere. But even if the Republicans' party line gains the upper hand in Congress, the White House will answer with an immediate veto. Leon Panetta, White House chief of staff, has left no doubts on this score.

Of the 13 budget laws adopted by Congress, only three are of some small liking to the administration. "They are playing the President at the game of 'You'll get nothing out of us!', Secretary of Labor Robert Reich said on this subject. "At a time when military bases are being closed and corporations are undergoing difficulties, they are shutting off the road to new jobs by cutting off money for retraining."

U.S. Foreign Aid Bill 'Blatantly Populist'

MM1407122195 Moscow RABOCHAYA TRIBUNA in Russian 14 Jul 95 p 2

[Article by Vladimir Mikhaylov: "Not Enough American Pie For Everyone"]

[FBIS Translated Text] The U.S. House of Representatives has voted by an overwhelming majority for a bill aimed at substantially reducing U.S. aid to foreign states.

Traditionally the U.S. President has always had a pretty big say in decisions on certain questions, particularly in the foreign policy sphere. No one would really contradict him when the American pie was divided up as follows: They are behaving well, so they get more; they are behaving badly, so they get nothing. More often than not that was the principle the White House head followed.

Since last year, when the Republican Party seized control of both houses of Congress (Clinton, as we know, is a Democrat), Bill Clinton has had problems determining the administration's course. On some questions he has literally been alone — his party colleagues have preferred to join the superior forces of the enemy. Some 333 people voted for the bill whereby aid to foreign states has to be cut in the next fiscal year, beginning 1 October.

Appropriations will be cut by $3 billion compared with Clinton's proposal. Moreover, the treasury secretary warned that such a reduction would seriously damage U.S. foreign policy and U.S. export opportunities. The fund for the development of Third World countries will suffer most, as will organizations specializing in problems of social and economic development, including those that exist under UN auspices.

It appears that the congressmen will now decide what is good and what is bad. Observers note that aid will be denied those whom the legislators consider unworthy of it and those who, in the congressmen's opinion, are not observing human rights well enough.

The states which are in danger of having their "oxygen supply cut off" on 1 October include Ethiopia and Haiti, although the president, judging by his previous actions in respect of these regimes, has an entirely different opinion.

Without a doubt, funds allocated by Washington to help and support certain programs being carried out in the countries of East Europe and above all in Russia will be significantly reduced. It appears that as a result of the vote on Capitol Hill nearly everyone has suffered — the only exceptions the legislators decided to make were Israel and Egypt: The former has never lived without dollar injections anyway, and the latter was indulged because Cairo was the first Arab country to sign a peace treaty with the Jewish state.

U.S. citizens are taken care of: The bill proposes increasing expenditure on combating national disasters and on child care. This is much more to the Americans' liking than long-term aid for other states, indeed there is no denying that the draft law is blatantly populist in character.

The President could veto it, of course, but America is not Russia. Here a good and far-sighted politician will always calculate the consequences of an action, and in view of the approaching elections it is an exceedingly risky thing to do to exacerbate relations with a Congress in which the rival party has a majority. I do not think that Clinton will accept that degree of risk. So he will have to compromise — which is unlikely to delight those who have become accustomed to a permanent free lunch.

Spokesman Views U.S. Decision on SRV Ties

LD1307141595 Moscow ITAR-TASS in English 1339 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW July 13 (ITAR-TASS) — The Russian Foreign Ministry described as "a natural step" the decision by U.S. President Bill Clinton to reestablish full diplomatic relations with Vietnam.

The ministry called on the U.S. to use this experience for normalisation of its relations with Cuba.

"Moscow noted the official announcement by U.S. President Bill Clinton of normalisation of the relations

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with Vietnam," a briefing was told today by Russian Foreign Ministry senior spokesman Grigoriy Karasin.

Karasin said the normalisation of relations between the U.S. and Vietnam is "a natural step" indicating the continuing process of elimination of last remnants of the Cold War.

"We would like to hope that the logic of the new time will win in other cases, including the normalisation of the relations between the U.S. and Cuba," Karasin said.

Deputy Foreign Minister Albert Chernyshev in an interview with Itar-Tass on Wednesday hailed the U.S.' decision, saying that "the assessment of this step may be only positive".

Chernyshev said it is regrettable that the normalisation process was too long after the end of the U.S.-Vietnamese war.

He said "various syndromes of that war seemed to prevent the Americans from a realistic view of the situation" which existed in the U.S.' relations with Vietnam, an important country in South-East Asia.

"However, better late than never," Chernyshev said.

Kozyrev To Visit Vietnam, Hails U.S. Normalization

LD1307153295 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (Interfax) — Russia's Foreign Minister Andrey Kozyrev is planning an early visit to Vietnam, Foreign Ministry spokesman Grigoriy Karasin said at a Moscow media briefing Thursday.

Karasin refused to specify when exactly Kozyrev is to visit Hanoi, but said that the visit would be made before Kozyrev attended "the Brunei forums."

The Foreign Ministers of the Association of South-East Asian Nations, ASEAN, are holding a consultative conference in Brunei on July 28 through 30, and on August 1 an ASEAN regional security forum opens in Brunei.

According to Karasin, "it is merely coincidental" that Kozyrev decided to visit Vietnam as soon as the full normalization of relations was reported between Washington and Hanoi.

"First of all," Karasin said, "the Kozyrev visit had been planned long before Washington moved to normalize relations with Hanoi. Secondly, the visit is a fully logical step in the Russian strategy for South-East Asia, including Vietnam."

The decision to launch diplomatic relations between Washington and Hanoi is logical and proves, Karasin said, that "the process to dismantle the last remnants of the Cold War continues."

Karasin hopes that "the new mentality will win" in relations between the United States and other countries, say, Cuba.

Conflicting U.S. Views of SRV Normalization Seen

MM1307120195 Moscow IZVESTIYA in Russian 12 Jul 95 p 3

[Report by Vladimir Nadein: "America Forgives Vietnam for Its Defeat. The Former Enemies Establish Full Diplomatic Relations"]

[FBIS Translated Excerpt] Washington — On Tuesday the United States forgives Vietnam for the cruelest defeat in its history. This had been expected for a long time; it was agreed on four years ago when Vietnam withdrew its troops from Cambodia and showed full cooperation in the search for American prisoners of war who were missing.

President Clinton heeded those of his advisers who urge the establishment of full diplomatic relations with a country of which thousands of Americans have unpleasant memories. Republican leader Bob Dole objects categorically: "Until the President is absolutely convinced that Vietnam has done everything possible to resolve the problem of POW's and MIA's, until he (the President) states this publicly and unequivocally, it will be strategically, diplomatically, and morally wrong to give Vietnam the U.S. Government seal of approval," says a statement by this leading White House contender from the Republican Party.

Ben Gilman, chairman of the House of Representatives international committee, also a Republican, said that he will try to ban the use of federal funds for setting up an embassy in Hanoi.

A good many Americans object to full normalization of relations with the enemy of 20 years ago. While very many urge the speediest establishment of diplomatic relations. But the demarcation line does not run along party lines.

The fate of Senator John McCain and Congressman Sam Johnson was surprisingly similar. They were both airmen and were both shot down over Hanoi. [passage omitted]

McCain advocates the speediest recognition of Vietnam. Johnson is categorically opposed to it. McCain has been to Vietnam nearly 10 times. The Vietnamese regard him as a hero and have even erected a statue to him on the place where the present senator was shot down.

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Johnson has said that he will not set foot in Vietnam.

The American Legion, an influential organization uniting a million veterans of the Vietnam war, protests against normalization. But "Veterans of Foreign Wars," which includes more than 600,000 men who once fought in Vietnam, calls for the establishment of diplomatic relations.

These disparities in public opinion give the administration a free hand. It claims that U.S. national interests dictate the need for normal relations with a country that possesses one of the world's most rapidly developing economies and could act as a regional counterweight to China. Washington is afraid that the present deterioration in relations with Beijing is not just the result of a combination of individual circumstances and is no accident.

Bill Clinton cannot back a U.S.-Vietnamese accord too eagerly. His relations with army veterans were quite damaged by a well-known fact in the president's biography: While a student, he evaded service in Vietnam and was an active participant in protests against the war.

Republican Senator John McCain, like another supporter of normalization, Democrat Senator Bob Kerrey, has agreed to be present at the ceremony in the White House Rose Garden where the war is to be proclaimed over. Bob Kerrey, like John McCain, won awards for Vietnam — the difference being that fate spared him and he was not taken prisoner. The two honored servicemen will give a glint of military valor to the words of a purely civilian president about Vietnam.

The two senators are confident that after normalization it will be easier to find the MIA's. The United States is now spending $100 million a year to locate fellow countrymen, alive or dead, and bring them (or their remains) home. No trace has yet been found of 55 MIA's.

U.S. Firm To Supply Heptane-Recycling Plants

MK1407052295 Moscow SEGODNYA in Russian 13 Jul 95 p 4

[Report by Andrey Baranovskiy: "Processed Missile Fuel To Be Sold in Europe. The First Heptane-Recycling Plant To Be Supplied to Moscow Oblast by Year's End"]

[FBIS Translated Text] A Russian-American conference devoted to a project for recycling heptane — a liquid missile fuel — has been taking place at the State Defense Industry Committee in Moscow since 10 July. Large reserves of this extremely toxic substance have been accumulated in connection with the implementation of the Russian-American strategic arms reduction treaty. A total of about 30,000 tonnes of heptane located not only in Russia, but also in storage facilities in other CIS countries are subject to elimination. The funds, totaling $162 million, have mostly been secured under the Nunn-Lugar program, named after two U.S. senators. On the American side, this and three other projects of recycling Russian strategic weapons are supervised by Major Robert Schulz of the U.S. Defense Department's nuclear security administration.

According to Nikolay Shumkov, chief of the State Defense Industry Committee's main administration, from two available methods of recycling heptane (by open burning and by processing into approximately 80 chemical products) the second method was chosen. After holding a tender, the committee accepted the bid of the Thiokol corporation, which offered to supply three heptane-recycling mini-plants worth a total of $26 million to Russia. The "Askond" joint-stock company, which has gained rich experience in processing liquid missile fuel, will participate in the project on the Russian side.

The equipment of the heptane-recycling mini-plants will be tested in the U.S. state of Utah and only afterward will it be delivered to Russia. It will be mounted at enterprises producing missile fuel outside Sergiyev Posad, Krasnoyarsk, and Zlatoust. The mini-plants are scheduled to process 9,000 tonnes of heptane a year (in all, they will have to recycle an amount of fuel required to fill 1,000 medium-range ballistic missiles). Talks the American held with 20 potential buyers of heptane derivatives have shown that the products can well be sold in Europe. All proceeds from the sales will remain in Russia to finance other programs to recycle decommissioned weapons.

Inspectors Find No CFE Treaty Breaches in Moscow

LD1407103595 Moscow ITAR-TASS in English 1011 GMT 14 Jul 95

[By Sergey Chereshnev]

[FBIS Transcribed Text] MOSCOW, July 14 (Itar-Tass) — International inspectors have found no breaches of the Treaty on Conventional Forces in Europe (CFE) in the Moscow Military District (MMD), Vladimir Guryanov, Chief of the MMD Press Service, told Itar-Tass on Friday.

In keeping with the CFE provisions, foreign inspection groups have made 15 tours in the MMD since the beginning of 1995 to scrutinise compliance with the CFE Treaty. Five inspections have been carried out directly in units subordinated to MMD, Guryanov said.

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The inspections involved representatives from the United States, Britain, Canada, France, Spain, Belgium, and Germany. They did not find any breaches of the CFE Treaty obligations in the MMD.

Foreign Ministry Chided for CFE 'Weakness'

MM1207120495 Moscow PRAVDA in Russian 12 Jul 95 p 6

[Article by Igor Melnikov: "Driving Russia into a Corner. Operation of CFE Treaty"]

[FBIS Translated Text] Vienna, July — For many months now Russian newspapers and television reports have not only failed to provide their readers and viewers with analytical articles about the progress of the Vienna talks on the military aspects of European security but have even failed to carry the briefest of reports on it. Why is this? Either the professionalism of journalists specializing in international affairs has "taken a dive" or the talks themselves are so unremarkable that it is better to keep quiet about them....

If the negotiating process has faltered, there is no harm in recalling that 15 years ago when East and West met here on the parquet floor of the Redoutensaal rapid results could not be expected either. What Andrey Gromyko said behind the scenes at the Foreign Ministry was indeed axiomatic: "Ten years of talks like these are nonetheless better than 10 minutes of nuclear war."

You would have thought that the opinion voiced by the patriarch of Soviet postwar diplomacy would still be topical today. His words can be extrapolated to fit the current situation, barring the phrase "talks like these." When I recently asked one of the Redoutensaal "veterans" about the difference between past and present, I heard the following response: "Until the mid-eighties the talks advanced amid tough but equitable dialogue between partners. Now diktat and a desire to bring the other side to its knees seem to be the rule of good breeding for NATO highups."

Let us recall the landmarks in the destructive process that broke the prevailing equilibrium in Europe. It began with the erosion of the stable makeup of the Vienna talk participants (16 NATO and seven Warsaw Pact states). With the annexation of the GDR the number of states fell to 22. However, the collapse of the USSR increased the number of flags in the Redoutensaal to 29 (Russia, Ukraine, Belarus, Kazakhstan, Moldova, Azerbaijan, Georgia, and Armenia became the new members), while the breakup of Czechoslovakia into the national units of the Czech Republic and Slovakia brought the figure to 30. Frantic activity began almost immediately, at the same time, to bring Poland, Hungary, the Czech Republic, and Slovakia into NATO.

It is against the backdrop of these effectively malignant changes that a number of important agreements on the military aspects of European security have been formulated and concluded over the last few years, namely the CFE Treaty, the Open Skies Treaty, and the Vienna document on confidence- and security-building measures. Their very adoption is an indisputable landmark in the disarmament process, but the troubadours of NATO policy in both West and East were obviously somewhat discordant in their exultant roulades regarding their all-out defeat of the Cold War.

The CFE Treaty signed in 1990 was the most significant of these documents. As a result of its implementation the total number of tanks, armored vehicles, artillery systems, warplanes, and attack helicopters will drop by several tens of thousands of units. The former enemies, now solemnly called "partners," are carefully monitoring one another from the Atlantic to the Urals. You would have thought that there would be cause for optimism. However, anyone who can force his way through the debris of multilayered wordings is faced with an instructive picture from our recent past and present life.

The CFE Treaty was devised as an agreement between two opposing groups of states united in the Warsaw Pact and NATO military- political blocs. Let us lay it on the line — by the late eighties we had a major advantage over the West in terms of all the main categories of conventional arms on the continent. That was largely the legacy of the early postwar years, when the powerful Soviet "tank strike forces" in central Europe embodied "our response to Truman" and his nuclear monopoly.

In the era of supercomputers and "smart" weapons the fundamentally correct conclusion was drawn that a wave of iron is not so effective per se and that security can be ensured by both military and political means. Thus acknowledging the idea of equilibrium in the forces of the two alliances, which formed the cornerstone of the CFE Treaty.

Regrettably, as often happens in our country, a good idea was reduced to absurd levels and became the opposite of what was intended. The Soviet Union became the leader in the "disarmament race" in its efforts to prepare another agreement by a certain date, usually a summit meeting. The West was in no hurry to make counter-moves and kept a by no means unconcerned eye on Soviet troops' unilateral withdrawal from Central and East Europe and the coming to power of pro-NATO regimes in this region.

Just a few months after the agreement was signed, the Warsaw Pact organization ceased to exist. And within a few months the Soviet Union also shared its fate. Of

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course, even the most perspicacious people compiling the CFE Treaty would hardly have imagined that turn of events. However, it happened, and by early 1992 NATO had a considerable advantage in conventional arms.

In this situation the treaty and the associated documents, which clearly required parliamentary approval, were submitted to the Russian Supreme Soviet for ratification. Had the legislative organ been informed of the other documents up the Foreign Ministry's "sleeve," which would entail billions in extra expenditure, the fate of the treaty might have been very difficult. But at the time it was ratified by an overwhelming majority.

The general chaos in Russia that set in after August 1991 and is continuing to this day may have had an effect. Pressure from the West, which effectively imposed virtually unilateral cuts on us and rushed to reap the maximum dividends from the sudden political change, may have played its role. And of course deputies' inexperience in military and international affairs, which played into the hands of the Foreign Ministry, where pro-Western bearded "democratic commissars" played first fiddle, also played a cruel trick. One can only say now that the treaty's ratification should have been accompanied by a whole series of extremely significant provisos.

This was eminently clear as early as the beginning of 1993, when the first problems with the treaty's implementation arose. The so-called "flank restrictions problem" was the most important of these. It boils down to the fact that the arms quotas fixed for the USSR in the Transcaucasus, Leningrad, North Caucasus, and Odessa Military Districts after the USSR's collapse were divided up among its six rightful heirs. For Russia and Ukraine these restrictions were patently unfair, since they did not enable them to ensure their own security properly and wrecked the plan to locate troop units withdrawn from Central and East Europe, Germany, and the Baltic in fairly humane conditions. In this connection it is worth remembering that most seats of armed conflict are now on Russia's southern borders.

Well, Yeltsin's Kremlin has ended up no better than before. In response to Russia's countless proposals (as well as those from Ukraine, moreover) regarding the resolution of the "flank" problem the West has either kept quiet or made do with statements regarding the need to seek a solution "within the treaty framework." At the same time its specific advice looks like taunting. Thus the NATO countries are driving Russia into a corner, leaving it with just one option: either to waive its interests or to uphold them independently without asking for permission from anyone.

While insisting that Russia and the Soviet Union's other rightful heirs "fully implement" all the provisions of the treaty, NATO members themselves are prepared, "needless to say, only once the cuts have been completed" to undermine the treaty base once and for all. I am talking about their intention to admit to their ranks at least some of our former Warsaw Pact allies. Yeltsin's fatal "I have no objection" regarding Poland's joining NATO, despite Moscow's ensuing "disclaimer," has had alarming consequences. The West instinctively sensed the possibility of further increasing the imbalance of forces on the continent in its favor. The arrangement of a top-notch send-off for the CFE Treaty seems to be nigh.

Other problems also exist. Thus the treaty is clearly not designed to be applied in seats of armed conflict like those arising in the former USSR. The provisions of the treaty require considerable modification, but there is no rush to do that. Observers point to another factor. Having limited Russia quantitatively, NATO members are in no hurry to curtail the qualitative conventional arms race where they are in the lead in a number of spheres, primarily for economic reasons. And once again the question arises of what is to be done. Of course, a new document will have to be elaborated in the very near future to replace the CFE Treaty, rectifying its shortcomings and making good its deficiencies. Evidently, it is time for our diplomats and military men to ponder this urgently and in earnest.

But that is something for the future. As regards current matters one thing is supremely clear: It only makes sense for Russia to sustain the considerable losses arising from the implementation of the treaty and the associated documents if its Western partners take our interests into consideration. Russian legislators could have a big say here. Why, for instance, do they not make the funding of conventional arms cuts (at least in Asian Russia) conditional on moves by the West such as the resolution of the "flank problem" on terms acceptable to us? Why not preserve the military-political status quo in Europe, at least in the medium term? Why not begin work on a new agreement in the sphere of conventional arms and technical assistance for the USSR's heirs in eliminating their conventional arms? If our Western partners do not make a counter-move here, our country will only begin to implement its treaty commitments insofar as its current economic potential allows.

When discussing the problems under consideration in Vienna by diplomats and military experts from 30 states I deliberately failed to mention the routine aspects of the talks. There is no point in focusing attention on the protagonists, who are obliged to obey to Foreign Ministry and General Staff discipline no matter how sensible and decent they may be. It is far more important

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to delve into the crux of the matter and reveal the origins of the weakness of the official Russian position at the Vienna talks. Especially since the problem of conventional armed forces — one of the most important as regards ensuring Russia's security in certain regions — has ended up sidelined in public attention. Yet these matters directly affect hundreds of thousands of servicemen and their families, they are of major economic significance, and they represent the core of Russian Army reform.

Russia is on the threshold of parliamentary elections. Any political force intending to conduct a serious campaign in the coming elections must have a clear stance on all the main problems in the country's life. The questions of security and disarmament for all their specificity must not remain "closed" either. Otherwise healthy forces will be failing to use important levers in the fight for the people's vital interests.

Nuclear Site Inspected for IAEA 'Regional Center'

MM1307121195 Moscow PRAVDA in Russian 13 Jul 95 p 1

[Unattributed report: "Attraction of Obninsk"]

[FBIS Translated Text] During a technical committee session in Obninsk specialists from Germany, India, France, Japan, China, Georgia, and Kazakhstan, along with Russian scientists, have been discussing issues of safety in the running of nuclear reactors, particularly the creation of emergency backup systems.

During his working visit to Russia IAEA [International Atomic Energy Agency] General Director Hans Blix went to Obninsk too. He was interested in a nuclear-pumped laser being developed by the FEI [expansion unknown]. This interest is clearly due to the proposed shipment of Russian reactors to Iran, discussed during a meeting between Blix and Atomic Energy Minister Mikhaylov prior to the Obninsk visit. People in Obninsk remember the recent visit by S. Machi [name as transliterated], leader of the IAEA Isotope Study Department. He studied the work of the International Center for Nuclear Data and spoke to our leading scientists. These visits are presumably to do with the idea of creating an IAEA regional center in Obninsk.

Grachev Signs Agreement With South Africa

LD1407150795 Moscow ITAR-TASS in English 1432 GMT 14 Jul 95

[By Sergey Ostanin]

[FBIS Transcribed Text] MOSCOW, July 14 (Itar-Tass) — Russian Defence Minister Pavel Grachev and the South African Defence Minister Joe Modise, on an official visit in Russia, signed an agreement on cooperation between the Russian and South African defence ministries on Friday.

Upon completion of the signing ceremony, Army General Grachev told reporters that this agreement "opens up a new, remarkable page in relations between our peoples and armed forces, in the interests of strengthening international security."

Grachev told journalists that Russian military planes will have a chance to participate in festivities devoted to the 75th anniversary of the South African Air Forces. This issue is currently being discussed by experts.

Grachev expressed hope that "the experts will find mutually acceptable ways of implementing the project, and the best Russian pilots will represent the Russian Air Forces in the South African sky."

"Mr. Modise and I have discussed in detail the possibilities and prospects for cooperation between our states, and it seems to me, we managed to lay a reliable foundation to our future relations," Grachev said.

The minister described the signing of the agreement as "an important result of joint work."

"This agreement opens up broad opportunities for contacts and ties between defence ministries of our countries, for example, in exchanging military delegations, visits by battle planes and land units," Grachev said.

He informed that the programme of cooperation between defence ministries of Russia and South Africa envisages official stopovers by battle ships, holding joint exercises and headquarters practice, training national personnel for the South African Armed Forces in Russian military educational institutions, development of sports and public connections between the Armed Forces, exchange of experience and information.

Touching upon the nearest plans of scientific and technical cooperation between Russia and South Africa, Grachev pointed out that "the Russian Defence Ministry is ready to enroll in its unique military schools the necessary number of South African servicemen for training according to the full programme and at short-term courses."

The Russian minister believes that "the agreement will make it possible to carry out close contacts in exchanging opinions on strengthening international security and stability, exchanging information on the concepts of defence and security, in the field of control over armaments and non-proliferation of weapons of mass destruction."

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Grachev also said that agreement has been reached on holding regular headquarters negotiations between the General Staff of the Russian Armed Forces and the General Staff of the national defence forces of South Africa.

Karasin Comments on Talks With ROK Officials

LD1307204295 Moscow INTERFAX in English 1722 GMT 13 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Moscow 13 Jul (INTERFAX)—Rapid economic and demographic growth exerts mounting and sometimes even catastrophic pressure on the economic and resource potential of the Asian-Pacific region. The issue was discussed at a meeting between Russian and South Korean officials dedicated to the problems of the region, which were held in Moscow on July 10-12, Russian Foreign Ministry spokesman Grigoriy Karasin said.

He said the meeting's participants spoke in favor of a "purposeful development of multilateral institutions for cooperation in the political and economic spheres."

"The Russian side informed the Korean side on the possibilities of large-scale international cooperation in the opening up of energy and mineral resources of the Far East and of the Russian sea economic zone," said Karasin.

According to the spokesman, Deputy Foreign Minister of the Republic of Korea Ban Ki-mun and head of the Russian Foreign Ministry Foreign Policy Planning Department Vadim Lukov took part in the meeting.

They also discussed "possible joint and parallel initiatives in the spheres of regional security and multilateral economic cooperation."

Karasin said the South Korean side "reiterated its support of the Russian claim for joining the Asian-Pacific Economic Cooperation [APEC] organization."

Head of the Korean delegation also met with Deputy Foreign Minister Albert Chernyshev and they discussed "principal issues of bilateral cooperation," he said.

Government Decree on Oil for Cuban Sugar Deal

MM1307120295 Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 First Edition p 5

[Russian Federation Government Decree No. 662 "On the Implementation of the Protocol Between the Russian Federation Government and the Republic of Cuba Government on Commodity Turnover and Payments in 1995," signed by V. Chernomyrdin, chairman of the Russian Federation Government, and dated 28 June 1995]

[FBIS Translated Text] With a view to implementing the 4 May 1995 Protocol Between the Russian Federation Government and the Republic of Cuba Government on Commodity Turnover and Payments in 1995 insofar concerns as purchases of raw sugar from the Republic of Cuba in return for counter-deliveries of oil from the Russian Federation to an equivalent value, the Russian Federation Government decrees that:

1. Around 1 million tonnes of raw sugar are to be purchased from the Republic of Cuba in accordance with the Protocol Between the Russian Federation Government and the Republic of Cuba Government on Commodity Turnover and Payments in 1995 in return for counter-deliveries from the Russian Federation of around 3 million tonnes of oil to an equivalent value on the basis of extrabudgetary funding.

The Russian Federation Ministry of Foreign Economic Relations is to be assigned responsibility for ensuring the prompt fulfillment of the Russian Federation's commitments and monitoring the status of the deliveries of thge commodities envisaged by the aforesaid Protocol.

2. It is hereby established that organizations participating in the implementation of the reciprocal shipments of oil and raw sugar mentioned in Point 1 of this decree are to be determined on the basis of the results of an open tender conducted in accordance with the procedure for conducting federal tenders for deliveries of commodities for state needs registered by the Russian Federation Ministry of Justice.

3. The Russian Federation Ministry of Foreign Economic Relations shall, on the basis of Point 2 of this decree, form a Tender Committee and ratify its composition. The Tender Committee shall approve the criteria governing the assessment of applications for tender and submit the results of the federal tenders to the Russian Federation Government for ratification.

4. It is hereby established that the delivery of the raw sugar purchased from the Republic of Cuba to sugar refineries for processing, as well as the sale on the internal market of the sugar produced from this raw sugar and destined primarily to meet state needs, are to be effected as assigned by the Russian Federation Ministry of Agriculture and Food with the participation for this purpose of the Russian Federation Ministry of Agriculture and Food's Federal Food Corporation.

5. The interdepartmental commission for the regulation of matters pertaining to utilization of the system of main oil pipelines, petrochemical pipelines, and seaport

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terminals for exports of oil and petroleum products from the Russian Federation customs area shall in the schedules for the transportation of oil via the system of main oil pipelines give priority consideration to those volumes of oil envisaged for shipment to the Republic of Cuba under Point 1 of this decree.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 28 June 1995

Spokesman on 'Terrorist Acts' by Tajik Opposition

LD1307154695 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (Interfax) — It must be obvious to the Tajik opposition that the terrorist acts committed against Russian citizens in Tajikistan will not remain unpunished. Terrorist acts will be decisively repelled with the use of all means required for this purpose, Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing in Moscow today.

He said that the Movement for Islamic Rebirth of Tajikistan had met in Talukan, Afghanistan, where the movement's headquarters are located, on July 2-5. The meeting also involved field commanders. At the meeting the movement drew up a strategy for actions during the period left until another round of inter-Tajik talks.

"Available information on the meeting's results gives reason to believe that the Movement for Islamic Rebirth of Tajikistan leadership plans to increase terrorist activity in Dushanbe and in several Tajik regions," Karasin said. He said the signs of the intensification of such activity had already begun to show. "Tajik servicemen were attacked just 12 times during the last week. Terrorist acts against Russian servicemen were also reported," he added.

Karasin said the Tajik opposition leaders should realize that it was useless to pin their hopes on using force in Tajikistan.

Karasin said Russia urged the Tajik opposition to return to the search for political compromises, seriously prepare for another round of inter-Tajik talks under the UN's aegis and make the talks constructive.

Anti-Russian 'Hysteria' Over Abkhazia in Georgia

MM1307121495 Moscow PRAVDA in Russian 13 Jul 95 p 1

[Report by Vladimir Statskiy: "Shevardnadze Threatens. Anti-Russian Hysteria in Georgia"]

[FBIS Translated Text] Tbilisi — In recent days the nature of slogans on the walls of the Georgian parliament, where refugees from Abkhazia are holding an indefinite protest action, has become blatantly anti-Russian. While initially the northern neighbor was merely being urged to abandon its "double-standard" policy, it is now being accused of aiding and abetting the "Abkhaz separatists," of being unwilling to proceed toward constructive cooperation with Georgia, and of other mortal sins. This, in particular, was what V. Shumeyko, who has arrived in Tbilisi, was told. The leitmotiv of rallies spontaneously occurring here is the fundamental rejection of a strategic partnership with Russia and the call to withdraw peacekeeping forces from the Georgian-Abkhaz conflict zone.

Strange as it may seem, the reason for this turn of events was the natural disaster that befell Abkhazia. In particular, the fact that Moscow decided to help the stricken population of the republic without official Tbilisi agreement. This could not fail to hurt the Georgian authorities' pride. Again it is strange that the biggest criminal in this was found to be Tamaz Nadareishvili, "chairman of the Abkhaz Council of Ministers in Exile."

Shevardnadze was initially more cautious in his comments. But when he spoke at a congress of the Union of Georgian Citizens Shevardnadze, who is chairman of this organization, expressed himself more firmly. He promised to react to the rendering of aid to Abkhazia without Georgia's agreement "in the appropriate manner," stating that it is a gross violation of the agreement recently signed at summit level on "peace and stability in the CIS" — a document bearing the signature of President Yeltsin.

Shevardnadze stressed that Georgia will not be able to build normal relations with its mighty neighbor in this way and reminded Russia that the path of cooperation and mutual ties with Georgia lies through Abkhazia and Tskhinvalskiy Rayon. The leitmotiv of the final day of the congress proceedings was the Abkhaz question, on which a detailed statement in tones far from friendly toward Russia was adopted. Bitterness is also being provoked in Georgia by the Russian State Duma's intention to discuss the Abkhaz question. Especially after it became known that 170 deputies had signed the draft decree on rendering aid to Abkhazia and opening the border on the Psou River.

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'Avtobank' To Be Cofounder of New Kyrgyz Bank

MM1407091195 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p iii

[Report by Petr Yevseyev: "'Avtobank' Will Be a New Concept in Kyrgyz Banking System"]

[FBIS Translated Text] The creation in Kyrgyzstan of the first bank with the participation of Russian financial capital was announced 10 July. "Avtobank" is the founder on the Russian side and will own 70 percent of the shares. On the Kyrgyz side its partner is the republic "Akniyet" joint-stock commercial bank, and the remaining shares are distributed mainly among trading organizations, although the coholders also include private individuals.

It is expected that "Avtobank's" sister bank, with an incorporation capital of $1 million, will begin its work in Bishkek in three months' time. Its appearance has been preceded by preparation lasting almost a year, and also by "Avtobank's" experience of working with Ukraine and Belarus — although only, admittedly, at the level of agent relationships.

Undoubtedly, the appearance of the new bank will be a significant event in Kyrgyzstan's financial sphere, where only 18 commercial banks exist. "Avtobank" will be able to offer Kyrgyzstan a higher level of banking technology, including the "Electronic Client" system, transactions using "SWIFT" and "REUTER," and plastic cards. In the words of Nataliya Rayevskaya, chairman of the "Avtobank" board, the sister bank will work on the creation of a currency exchange in Kyrgyzstan.

Gennadiy Galakhov, chief of the Russian Government department for CIS affairs, forecasts that the new bank will help to resolve the nonpayments problem and the investment passivity which is holding back Russian-Kyrgyz relations. This will also be facilitated by the fact, Nataliya Rayevskaya said, that clients of "Avtobank" are showing interest in the Kyrgyz economy, in which 90 percent of the economic players are nonstate organizations, and the national currency, the som, is performing stably.

In its turn this republic will offer the new bank two years' exemption from tax, a concession offered to enterprises with foreign capital. And in the opinion of "Avtobank" specialists, 75 percent of expenditure on the creation of the sister bank in Kyrgyzstan will be recouped as early as the first year of its operation.

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Political Issues

Yeltsin Calls Duma Elections for 17 Dec

LD1407081195 Moscow ITAR-TASS World Service in Russian 0804 GMT 14 Jul 95

[By an ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 14 Jul (ITAR-TASS) — Russian President Boris Yeltsin has issued a decree setting 17 December 1995 as the date for elections of deputies to the new State Duma.

Further on President's Health, Hospitalization

Yeltsin Postpones More Engagements

LD1407135795 Moscow Russian Television Network in Russian 1300 GMT 14 Jul 95

[Report by correspondent M. Turnanova; from the "Vesti" newscast]

[FBIS Translated Text] Today in the Kremlin Viktor Ilyushin, assistant to the Russian president, answered questions of correspondents from three Russian television companies. First of all, they asked him about the health of Boris Yeltsin, with whom Ilyushin has frequent telephone conversations.

[Begin recording] [Ilyushin] I think he is getting better, judging by his voice and the issues he is interested in. Today we had a rather detailed conversation about the progress of the talks in Chechnya and how the Constitutional Court hearings are proceeding. Of course, the circumstances are such that we had to discuss his plans for next week.

[Unidentified female correspondent] Are there a lot of them? What are they?

[Ilyushin] You know, after our conversation today I am forced to make amendments to next week as well. Doctors are urgently demanding that there should be a longer period for Boris Nikolayevich to recover his health. A decision has been made to cancel major engagements. [end recording]

An edict signed by Yeltsin on the date for holding parliamentary elections is further proof that the president is ready to get down to business at any time, Viktor Ilyushin noted. However:

[Begin Ilyushin recording] Boris Nikolayevich is a human being and he has a right to be ill. [end recording] [video shows three correspondents and Ilyushin seated in a room]

Expects 17 Jul Hospital Release

LD1407133795 Moscow ITAR-TASS in English 1309 GMT 14 Jul 95

[FBIS Transcribed Text] MOSCOW, July 14 (ITAR-TASS) — Russian President Boris Yeltsin has put off his visit to Norway, initially scheduled for July 19-21, ITAR-TASS was told today by Viktor Ilyushin, the president's first aide.

The invitation to Yeltsin to pay a visit to Norway remains in force, ITAR-TASS was informed by Norwegian Ambassador to Moscow Per E. Tresselt, who said that the Russian President was still awaited in Oslo.

Yeltsin is receiving treatment at the Central Clinical Hospital here due to the aggravation of the ischemic disease. "I can reassure the Russians that Boris Yeltsin's health is normal," Naina Yeltsina told journalists today after visiting her husband at the hospital, where she found him working.

A source within the President's closest entourage told ITAR-TASS somewhat earlier that the President is to be dismissed from the hospital on Monday. His meeting with Chairmen of the Duma Committees is scheduled for Tuesday, July 18.

AFP: Yeltsin To Stay All Next Week

AU1407140695 Paris AFP in English 1343 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (AFP) — President Boris Yeltsin will spend all of next week in hospital on orders of doctors treating him for heart trouble, presidential aide Viktor Ilyushin said Friday.

Another aide had said earlier that Yeltsin might leave the hospital Monday.

Wife Says Yeltsin's Health 'Normal'

LD1407111495 Moscow ITAR-TASS World Service in Russian 1037 GMT 14 Jul 95

[By ITAR-TASS correspondent Liliya Kuznetsova]

[FBIS Translated Text] Moscow, 14 Jul (ITAR-TASS) — "I can reassure the Russian people that Boris Yeltsin's health is normal," Naina Yeltsina, the president's wife, said today during a visit to the municipal children's psycho-neurological hospital No. 18. She visited President Yeltsin at his hospital this morning, where she found the president at work.

She reproached correspondents for spreading "strange rumors" about Boris Nikolayevich's health, describing their fabrications as "verbal sadism." Naina Yeltsina found yesterday's article about the president's health in

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'MOSKOVSKIY KOMSOMOLETS,' which was full of conjecture, as particularly insulting. No woman should write that sort of thing, she stressed. The correspondents was not thinking of the country or about the people in it who are concerned about the president's health, and about his family.

Naina Yeltsina went on to say that she is surprised that the press is trying every means to exaggerate the president's slightest ailment. He has not had a holiday for four years, and as soon as he goes anywhere unforeseen situations have to arise. Thank God that nature has given him such good health, and that at 64 his organism is sufficiently strong.

The job of president is a heavy burden, requiring a lot of strength, energy, and good health, and one should realize this, the president's wife said.

Overzealous Defense of Yeltsin Health Seen

MK1307111895 Moscow KOMMERSANT-DAILY in Russian 13 Jul 95 p 3

[Report by Georgiy Bovt under the "Russian Political Life" rubric: "Kremlin Medicine Is a Political Science"]

[FBIS Translated Text] In an interview aired Tuesday [11 July] in the "Vremya" news program, Sergey Medvedev, chief of the presidential press service, pronounced a phrase that can be seen as the quintessence of the goings-on concerning Boris Yeltsin's illness. With regard to numerous reports by foreign news agencies that, as the interviewee put it, stir up passions over the presidential sickness, Medvedev said: "Some want sensations. But — no dice!" Yesterday, Prime Minister Chernomyrdin, too, reproached — this time Russian — journalists: Why raise the hoopla? Generally speaking, they are both right: There is no way to please these mass media: When you keep silent, they say it's bad; you speak up, it's bad too.

The presidential press service was at pains yesterday to brief the broad public about the state of the president's health. In the morning, it was said that Boris Yeltsin's blood pressure was normal and stable; electrocardiogram data were also normal; the patient of the Central Clinical Hospital [CCH] spent a quiet night yesterday and did not suffer from chest pains. Somewhere abroad this information would have been accepted as exhaustive. But whenever the issue is the Kremlin inhabitants, one may rest assured that many will start seeking the fine print, reading between the lines, making guesses, and asking questions, such as: "Where is a detailed medical diagnosis?" Or grumbling that the president has not undergone an independent medical check, as would have been required in other countries, while everything is once again decided by the Kremlin Aesculapians and his inner circle. The reason is that the Soviet tradition of compiling "bulletins on the state of health" are still fresh in our memory. And according to a similar, purely Soviet tradition, the very next moment guesswork begins alongside forecasts about a successor.

Western news agencies were swift to recall that now Boris Yeltsin finally has a real alternative and stand-in, namely, Viktor Chernomyrdin. Being pragmatists to the marrow, they think such forecasts commonplace. But on one hand, Russian bureaucrats, for their part, see this as blasphemy. On the other, this simply puts Chernomyrdin himself in an awkward position. For all these forecasts fall on the well-fertilized ground of Russia's "Byzantine" political traditions. And there you go: Ilyushin, Yeltsin's first adviser, nervously lashes out at someone who is within full reason recalling a constitutional article that calls for the transfer of power in case the president is unable to fulfill his duties. Did he also find the fine print?

The premier, for his part, shows more tact than anyone else in this situation. "Boris Yeltsin is a human being, like all of us, and he may also feel somewhat unwell," the premier said yesterday. "There is no need to spread idle rumors on the matter." At the same time Chernomyrdin categorically refuted information carried by the "Versions" television program Tuesday that he himself had allegedly gone through a serious heart attack two years ago and that an artificial valve was implanted in his heart. "This is complete nonsense," Chernomyrdin snapped back; he has learned all too well that Kremlin medicine is a political science.

The presidential press service, too, has learned that. It seems to have become too nervous, however, having lost the sense of where to stop. Why, for instance, inform the world nearly every hour that the president is constantly at work even if he is sick? Reports about his work schedule started falling in torrents, turning into a flood incomparable with the scanty trickle of information about the president's work days when he was in fine health. The press service emphasized that "President Boris Yeltsin, undergoing treatment at the CCH, continues to work." He signed a law giving school-leavers who survived the Sakhalin earthquake the exclusive right to enter higher or secondary educational establishments without entry examinations. He sent to the Ukrainian president (just yesterday) draft agreements on the parameters of splitting the Black Sea Fleet and the fleet's status on Ukrainian territory. He also accompanied it all with a letter "expressing his assurance that the Sochi accords on the Black Sea Fleet will be realized within the shortest possible time." Yesterday, his opinion on the draft law "On the Procedure for Disposing of Shares Reserved for Federal Ownership and

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Contributing Federally-Owned Assets to the Authorized Capitalization of Economic Partnerships and Companies" was sent to the Duma. Also yesterday (one day before the holiday), the Russian president congratulated French President Jacques Chirac on the taking of the Bastille. "Workers collectives of enterprises and organizations of the metallurgic industry" were not forgotten either. They received congratulations on Metallurgy Workers Day. In a separate message, the president congratulated the Cherepovets Metallurgy Combine on the 40th anniversary of its founding. Even though the metallurgy workers — and Chirac, for that matter — as human beings would have certainly understood if the sick Boris Yeltsin were given at least a couple of days to rest.

All this raises suspicions among skeptics: Why has the presidential entourage become so jittery?

Chernomyrdin Has Phone Conversation With Yeltsin

LD1307163395 Moscow ITAR-TASS in English 1628 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (ITAR-TASS) — Russian President Boris Yeltsin had a telephone conversation today with Prime Minister Viktor Chernomyrdin, the presidential press service reported on Thursday.

Yeltsin was taken to hospital on Tuesday [11 July] with a minor heart trouble.

According to the press service, Chernomyrdin informed the President about Thursday's cabinet meeting, "paying special attention to anti-inflation steps taken by the government together with the Central Bank".

"Russia's President and Prime Minister reviewed restoration works in the Chechen Republic and possibilities to speed them up", the press service said, adding that the two leaders focused at prospects of peace talks now in progress in the Chechen capital.

Yeltsin and Chernomyrdin discussed also Premier's upcoming visit to the Russian far eastern region of Yakutia, the press service said.

Chernomyrdin Departs on Two-Day Visit to Yakutia

LD1307181195 Moscow ITAR-TASS World Service in Russian 1740 GMT 13 Jul 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Excerpt] Moscow, 13 Jul (ITAR-TASS) — Viktor Chernomyrdin, head of the Russian Government, left for the Republic of Sakha (Yakutia) this evening on a two-day working visit. The trip is timed to coincide with the 40th anniversary of the Russian diamond industry. [passage omitted]

Viktor Chernomyrdin is scheduled to return to Moscow on Saturday [15 July].

Chernomyrdin Chairs Commission on Chechen Economy

LD1307174395 Moscow INTERFAX in English 1455 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (INTERFAX) — The Russian government will yet have to put "titanic efforts into bringing order to all areas of life and the economy in Chechnya," Russian Prime Minister Viktor Chernomyrdin said at the meeting of the state commission on restoring the Chechen economy and social sector today.

"Chechnya is a Russian territory where Russians live," he stressed. Chernomyrdin said the rhythm of the rebuilding operation in Chechnya should not be slowed down. At the same time, he said that control over spending on the restoration work must be increased.

Chernomyrdin said "the most radical measures" must be taken for strengthening discipline in Russian interior ministry and troops units currently stationed in Chechnya. He said it was inadmissible that the local population might "change their attitude towards Russia because of poor discipline."

Russian Finance Minister Vladimir Panskov told the state commission that the financing of the rebuilding operation in Chechnya was running ahead of schedule. He said the Finance Ministry had by now earmarked 2.4 trillion rubles to carry out the restoration work, which is 40 percent of the total sum planned for 1995.

Constitutional Court Hearings on Chechnya Continue

More on Maydykov, Pigolkin Testimony

MM1307120995 Moscow SOVETSKAYA ROSSIYA in Russian 13 Jul 95 p 2

[ITAR-TASS report: "At the Russian Constitutional Court. The Chechen Case"]

[FBIS Translated Text] Moscow, 12 June — Anatoliy Maydykov, deputy chief of the MVD [Ministry of Internal Affairs] Academy, presented a justification of the legality of the use of military force in Chechnya and argued that the imposition of a state of emergency in this republic was impossible in his address to today's session of the Constitutional Court which is examining the

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legality of the president's edicts and the government's decrees. Invited as a specialist, he gave the court an assessment of the possibility of the use of the state of emergency law in conditions similar to the situation in Chechnya.

The case for the imposition of a state of emergency in that republic is beyond question, according to Maydykov, but its introduction in the situation prevailing at that time was impossible. Primarily because of the total absence of legitimate organs of power on Chechen territory. Their existence is one condition for the operation of a state of emergency. Furthermore, Dudayev's well-organized armed formations made the feasibility of establishing such a legal system problematic.

Characterizing the legal system existing in Chechnya now, Anatoliy Maydykov noted that it does not comply with any of the well-known legal definitions. He said that what you have there is, on the one hand, "elements of martial law," given the combat actions that are going on, and on the other hand the features of a state of emergency system and, finally, the operation of normal constitutional law.

In the view of Albert Pigolkin, an expert invited to the court, the documents under examination by the Constitutional Court which served as the basis for the introduction of the troops into Chechnya are contrary to existing legislation. He reached this conclusion after analyzing the documents from the standpoint of legal theory. As for the legality of the use of the armed forces on Russian territory, Albert Pigolkin believes they can only be used on the basis of the law on the state of emergency insofar as it does not contravene the Russian Federation Constitution, of course.

Kovalev on Yeltsin's Chechnya Actions

LD1307174595 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (INTERFAX) — President Boris Yeltsin and the highest echelon of power in Russia "obviously" envisaged the consequences of their directives, on the basis of which military actions in Chechnya were launched, and "undoubtedly knew what they were doing when they unleashed a civil war in Chechnya," thinks Sergey Kovalev, the human rights campaigner and deputy in the State Duma, the lower house of Russia's parliament.

Kovalev made this statement in the Constitutional Court Thursday, having been invited to the Court as an expert.

As Kovalev said, the secrecy of Yeltsin's decrees, particularly the one issued on November 30, 1994, serves as an indirect proof that the president realized what would follow.

Kovalev qualified the president's actions connected with the start of military actions in Chechnya as "criminal negligence and constitutional crime."

"He ought to have consulted the Constitution and looked into its Article 2, which says that the highest value is man and his rights and freedoms, which must be protected by the state, while the president is the guarantor of such rights," Kovalev stressed.

According to him, the court should consider the directives submitted to it only in conjunction with the consequences of those documents. As for the president's decrees and the government's resolutions, on the basis of which troops were deployed in Chechnya, Kovalev described them as "not only hypocritical, but simply mocking in the light of what followed them."

"Because of their hypocrisy an analysis of whether they conform to the Constitution is altogether pointless," Kovalev said. According to him, all this is "chicanery by a second-rate provincial solicitor."

With reference to the human rights abuses in Chechnya Kovalev said that it is impossible to give a full list of mass violations; it is enough to say that tens of thousands of people died as a result of indiscriminate armed attacks. At the same time he conceded: "it should be admitted that the Chechen side was also very far from being ideal."

The opportunities for peace talks in Chechnya had not been exhausted before the war began, Kovalev said. At that time provocative actions were made by some federal government ministers, he noted.

He meant "arms supplies to one of the conflicting sides in Chechnya and shameless lies, when high-ranking officials declared that Groznyy was bombed by unidentified planes."

The schemes for settling the conflict, participants in the current talks are working out, virtually correspond to the plan he devised last December, Kovalev said. According to him, his draft plan was coordinated with Dzhokhar Dudayev, and "the Chechen side did not make any unreasonable demands". Kovalev expressed regret at the fact that the federal authorities rejected his plan — "silently, as is the custom now."

"How many people had to be killed to revert to last December today?" he asked.

His statement was followed by questions. A question was put by the representative of the presidential side, Deputy Prime Minister Sergey Shakhray, who reminded

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Kovalev that in 1993 Dudayev dispersed the parliament and disrupted a referendum in Chechnya. Was Kovalev aware of those facts? Shakhrai asked.

Kovalev answered that certainly knew of those facts, and in this context evidently "there were oversights" in his report on the human rights situation in Chechnya.

With reference to the present status of Chechnya, Kovalev described it as a "territory with uncertain status the federal authorities are not in control of." According to him, a political problem depending solely on the federal authorities was connected with Chechnya, and the solution to it did not depend on human rights organizations.

Further on Kovalev Remarks

MK1407082495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 14 Jul 95 p 1

[Report by Svetlana Yepiseyeva: "Russia Got Itself Into a Fine Mess. Kozyrev Opens His Heart"]

[FBIS Translated Excerpt] A trial to establish whether presidential edicts and government decrees are in line with the Fundamental Law is going on at the Constitutional Court. Over the past two days specialists and experts of the State Duma and the Federation Council presented their case. [passage omitted]

General excitement was caused by the emergence of Sergey Kovalev, well-known human rights activist, who wished the court, while assessing the documents under review, to take into account the grave consequences that were produced by their implementation. Although Sergey Kovalev admitted that the complete disruption of the social security, health, and secondary education systems should be included among mass human rights violations, he emphasized that if artillery is used every time wages are delayed, one may go too far. Sergey Kovalev summed up the essence of his statement as follows: Using a guillotine to cure one's dandruff is not the best method. In his view, all the documents should be deemed to be unconstitutional because the duty of the president is to protect human rights.

Answering judges' questions, Sergey Kovalev recalled his conversation with the Russian Federation foreign minister. In his words, Andrey Kozyrev admitted that Russia "has gotten into a pretty mess" over Chechnya and that now this is clear to the president, too. Kozyrev told Kovalev that the power ministers convinced everybody at a Security Council meeting that this would be nearly a bloodless blitzkrieg that would take just 8 days — from 12 to 20 December. But presently there is no way of acknowledging that a mistake was made; otherwise those who are to blame for it would have to be sought out. Naturally, this would turn out to be the president. This means that Boris Nikolayevich would have no chance of being reelected and the most terrible thing might happen — Zhirinovskiy might become the next head of state. [passage omitted]

Baturin Comments Cited

MM1407092995 Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 First Edition p 2

[Interview with Yuriy Baturin, the president's aide on national security issues, by Aleksandr Nadzharov; date, place not given: "Yuriy Baturin: The President Had the Right" — first paragraph is introduction]

[FBIS Translated Text] Yuriy Baturin, the president's aide on national security issues, who represents his interests in the Constitutional Court, commented on the results of the first few days of the work of the Constitutional Court in a conversation with your RIA NOVOSTI correspondent.

[Baturin] It is hard to provide any description of the work of the judges, because there will undoubtedly be people who will accuse you of attempts to exert pressure on them. Nevertheless, like the majority of professional lawyers observing the discussion of the president's "Chechen" edicts, it seems to me that the work of the Russian Constitutional Court completely corresponds to the highest international standards of constitutional court work. The presidential side, and, as far as I am aware, the opposing side, have no complaints about the judges, who are conducting the investigation professionally and competently.

[Nadzharov] There is behind-the-scenes talk at the court that its sittings, which began 10 July, would end toward the end of this month.

[Baturin] They may end even earlier. The clarity and pace at which Court Chairman Vladimir Tumanov is conducting the sittings testifies to this.

[Nadzharov] What have you disliked in the course of the hearing?

[Baturin] The thesis put forward by one of the experts on the so-called anti-Russian Chechen mentality. From there it is not far to fascism.

[Nadzharov] Is it not strange that one of the president's representatives in the Constitutional Court — Vice Premier Shakhray — was a fervent advocate of introducing troops into Chechnya, while another — Yeltsin's aide on national security issues Baturin — was an equally fervent advocate of a nonmilitary solution to the problem?

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[Baturin] An inviolable unity of opinions existed only in the CPSU Central Committee Politburo. However, despite all the variety of opinion, there is one main thing that is important, it seems to me: Both Shakhray and I are convinced that the president had the full legal right to issue the edicts which are currently being examined. Therefore we are defending this our common conviction in the Russian Federation's Constitutional Court.

Paper Views Expert Evidence to Court Hearings

MM1407094895 Moscow IZVESTIYA in Russian 14 Jul 95 p 2

[Report by Valeriy Rudnev: "Constitutional Court Appeals to Experts For Help"]

[FBIS Translated Text] For the past two days the hearing on the constitutionality of the presidential edicts and government decrees on the use of the Russian Armed Forces in the Chechen Republic have been devoted to testimony by groups of specialists and experts. They have described the sources of the Chechnya crisis from various angles and not only analyzed the presidential and governmental normative acts but made their own assessment of the actual circumstances that featured in the "Chechnya case."

The specialists and experts were chosen by the court itself but, naturally, the sides' views were taken into account. From this standpoint the panel of experts who have testified to the Constitutional Court seems to have been very fair. Four of them tried to demonstrate that the president's decision was correct, while three thought he had violated the Russian Constitution in deciding to send troops into Chechnya.

Specialist Valentin Kovalev — described as such in the hearing (he is the Russian Federation justice minister) — reached the following conclusion: The presidential edicts and government decrees which sanctioned the sending of troops to Chechen territory "contain nothing that would violate the legal norms established in Russia." The application of those documents in practice is another matter, he said. The justice minister believes that the harm done by employing the Armed Forces to resolve the Chechnya crisis is first and foremost a result of the resistance from Dudayev's illegal armed formations to legitimate measures to curtail their activities.

Other specialists — Doka Zavgayev, the former speaker of the Chechen-Ingush Parliament, and Justice General Anatoliy Maydykov — used their professional knowledge to develop the previous speaker's ideas.

First to appear for parliament was Doctor of Juridical Sciences Albert Pigolkin of the Russian Federation Government Institute of Legislation and Comparative Law. Over the course of several hours the law academic attempted to demonstrate the unconstitutionality of the legal decisions made by the president and the government, and to show that they violated the balance of powers in the adoption of legal decisions. He then answered numerous questions from the sides and the constitutional justices.

Next to testify before the justices was Sergey Arutyunov, a corresponding member of the Russian Academy of Sciences. The theme of his report was the national features and mentality of the Chechen people. In the academic's opinion, these were features that were not taken into account when the decision to send troops into Chechnya was made. Agreement can be reached with Chechens, S. Arutyunov believes, but they cannot be forced into one.

Addressing the Constitutional Court Thursday as an expert on the "Chechnya case," human-rights campaigner Sergey Kovalev described as "criminal negligence and a constitutional crime," according to INTERFAX, the action taken by the Russian Federation president in connection with the start of hostilities in Chechnya, since, as S. Kovalev put it, Chapter II of the Russian Constitution states that people and their rights and freedoms are the supreme value to be protected by the state, and the president is the guarantor of those rights.

He termed the actual presidential edicts and government decrees on the basis of which troops were sent into Chechnya "not just hypocritical but, in the light of subsequent events, simply insulting." He was more restrained and less loquacious when answering a question from the presidential side about cases of human-rights violations by the Dudayev regime.

Filatov Interviewed on Need To Embody Reforms

MM1407112095 Moscow ROSSIYSKIYE VESTI in Russian 14 Jul 95 pp 1-2

[Interview with Sergey Filatov, chief of the Russian Presidential Staff, by ROSSIYSKIYE VESTI Chief Editor Valeriy Kucher; date, place not given: "Authority of Power. Russian Presidential Chief of Staff Sergey Filatov Answers ROSSIYSKIYE VESTI Chief Editor's Questions"]

[FBIS Translated Text] [Kucher] Sergey Aleksandrovich! The removal of power ministers Yerin, Stepashin, and Yegorov from their ministerial posts elicited a contradictory response from society. On the one hand, as far as the state is concerned this represents a courageous and correct move on Boris Yeltsin's part. On the other hand, our newspaper's readers are puzzled: Does the trio's withdrawal constitute their

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"honorable retirement" at their own request or even on a "noble impulse born of the sudden realization of their responsibility," or is it really punishment for high-ranking officials who have committed an offense? What comment would you make on this situation?

[Filatov] I think that when the president decided to sack the people you mentioned he was probably guided by a whole series of a considerations and assessments. The former leaders of the power ministries and the vice premier are undoubtedly to blame for the tragic outcome of events in Budennovsk. But strictly speaking there is nothing to enable us to present them with a final reckoning.

[Kucher] ??? [as published]

[Filatov] There is no need to be surprised. People are talking about terrible things. It turns out that even on the road known in common parlance as "Government Road" (I am talking about Uspenskoye Shosse, which has state dachas on both sides) State Automobile Inspectorate personnel take bribes. Bribing the police is a highly acute disease in our society. It is by no means just a moral and ethical problem. The disease is due primarily to the country's not having enough money to provide law-enforcement organs with modern equipment. But, most importantly, there is not enough money to pay this category of state employees in full and guarantee the conditions to elevate a man in uniform and render his work prestigious and his post incorruptible.

Bribery and corruption in organs of law and order develop into another dangerous and terrifying flaw — people lose faith in the protective function of the power structures.

In every emergency situation that arises — in Mineralnyye Vody, in Budennovsk — when hostages are taken (and in every other dramatic situation) people must be absolutely sure that nothing extraordinary will happen, that our special services can perform their mission. When this feeling is lost, naturally it is the leaders primarily that they do not forgive, regardless of whether the country can or cannot ensure the high material and technical level of law-enforcement organs.

[Kucher] Many experts and analysts are inclined to see the weakness and incompetence of state power and the unprofessionalism of the top echelons of government as the main cause of the tragedy.

[Filatov] A terrible incident did indeed take place in Budennovsk. Not just because many people died (although that is of course the main point) but because people saw the powerlessness of those people who should be protecting them.

It is not even just their powerlessness but the lack of coordination and the conflicting nature of the actions and behavior of the top echelons of power. We encountered stonewalling on the authorities' part and the lies which are naturally manifested in the wake of this insular mentality. All this outweighed the serious problems of which the president was already aware when deciding the ministers' fate. So I think that the situation which now obtains in the country fully answers the question of the extent of people's accountability. People can be held fully accountable when everything is sorted out, when a clear demarcation of rights and duties exists within the structures of authority, along with a clear understanding of who is responsible for what when a professional system has been set up, including material support that generates a sense of pride rather than humiliation in people. When all these components are in place, full accountability can be ensured. That is why the cause cannot be ascribed to one factor. The State Duma, the General Prosecutor's Office, and other top echelons of power must draw their own conclusions. We have seen and heard all manner of things: One man gives an order, then another gives one, one man takes responsibility and so does another, but there is no elementary order governing any of this. I think that is what happened in Budennovsk. So it is inadmissible to draw conclusions and make generalizations on the basis of one factor. There is a whole series of factors that are now coming to light.

[Kucher] In that case what conclusion would you draw from the Budennovsk tragedy for yourself personally?

[Filatov] It was of course bitter and dramatic, yet humiliating and offensive at the same time for the authorities and society. However, we must find the strength to resolve the problems rather than aggravate them. The new leaders of the power departments will not themselves be able to cope with that task. A great deal here will depend on the subsequent steps taken by the Security Council and the other top echelons of power. No branch of power can resolve the problem individually since it is multifaceted. I am talking about the need to develop an effective program to combat crime and provide that program with reliable funding. If people see that there is a program but no money to put it into effect, they just lose heart. Then there is no point in asking great things of them. The second most important component is the power structures' cadres. Real professionals must work here, people with a well-developed sense of honor and dignity. I think that is the main thing.

[Kucher] Security Council Secretary Oleg Ivanovich Lobov's resignation along with those of the other power department leaders came as a total surprise to

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many people. Is this not an indirect admission of the uselessness of the very existence of a body like the Security Council?

[Filatov] I do not know how Oleg Ivanovich Lobov behaved at the Security Council session. I was not there. I can only say one thing: This body is essential and may hold private sessions when matters regarded as state secrets are under discussion. I think that the correct system was adopted for the Security Council. But this body should not be completely secret. Many problems discussed by the Security Council are of public significance, and we must be aware of that in order to avoid conjecture.

[Kucher] Let us agree that we need the Security Council. We do not seem able to do without the MVD [Ministry of Internal Affairs] or the FSB [Federal Security Service] either.... We have a bunch of nannies but no one watching the baby....

[Filatov] The formation of a new structure of power, the nature of which is subject to change particularly during a transition period and is finally being established with the adoption of the Constitution — which also gave rise to the emergence of a host of structures ranked as power structures — requires collaboration and coordination among them to be worked through. If you take into consideration the emotions, egoism, and sometimes even pure ambition of our military commanders, who are reluctant to come under one another's jurisdiction, should one of them be singled out as the main figure, that only aggravates the problem of coordination. And that is detrimental to the task. The president of the Russian Federation has already made repeated attempts to find a mechanism to coordinate the power structures' actions. At various stages this meant the Security Council and the president's aide and involved attempts to introduce the post of deputy government chairman. But, as we can see, this has had absolutely no effect as yet. Why? The president's national security adviser is not fully provided with powers enabling him to coordinate the work of the power departments. The Security Council is by law a consultative body and is not designed for coordination. The government has been discussing for many years now the question of introducing the post of deputy chairman for questions of fighting crime and organizing that process, but things have gone no further than talk. Virtually everything seems to rest with the president. With this kind of decisionmaking system, natural malfunctions may sometimes occur: After all, Boris Nikolayevich's workload is so great that he simply does not get a chance to tackle the operational activity and coordination of the power structures. Naturally this deficiency must be eliminated. It is necessary to take steps to create a permanent system that which functions automatically and faultlessly not only in an emergency but also, where possible, prevents dramatic turns of events. Expanding the presidential national security adviser's rights seems to be the optimum solution.

[Kucher] People in our country love to justify the situation by blaming the fact that there is a shortage of fundamental laws and saying that existing laws do not allow development. But a strong authority is an authority capable of effectively influencing the lawmaking process. Is that not right? What direction are we taking in our development in this field?

[Filatov] Our authorities are, of course, increasingly leaning to the right in their movement. But, regrettably, situations are increasingly arising where there is no full legislative backup for a particular process. Then the president is forced to employ his rights and authority as laid down in the Constitution. Everything would be OK if the decisions adopted by the president were carried out professionally and with dignity by those who are supposed to do so — a different mood would then prevail in society and there would be increased trust in and respect for the authorities and their decisions. But when a correct decision results not in an achievement but in a defeat — and a defeat, let us point out, for all society, as it were — that costs us all very dear. I am referring to Budennovsk.

Nonetheless the law and justice are becoming part of our lives. If we analyze the years that the present authorities have been in power we will see that the rate of implementing laws is fairly high. The legal culture is growing and the branches of power are cooperating better with one another. But the degree of professionalism and accountability of those implementing the decisions is still very low. Society can see that, it is conscious of the effects, and it does not excuse the authorities for this.

[Kucher] We have many parties in our country now. With which of them do you sympathize?

[Filatov] I prefer the Party of Social Democracy, "Russia's Choice," and the Republican Party — those social democratic forces that find a hard-line position foreign to them. Admittedly, there is another wing of social democracy, one which repudiates power. I am far-removed from those parties and leaders because I see them as striving to achieve power as quickly as possible without worrying about the means of attaining power, and that generally promises no good. To be honest, party development in Russia worries me severely on the whole. First, the names of a number of parties do not match their inner substance. Very many so-called democrats are by their very nature, by their actions, common-or-garden anarchists. Nevertheless they

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call themselves democrats, thus discrediting the democratic movement. The Liberal Democrats, for instance, are generally speaking national fascists, but they have conferred on themselves the title of liberal democrats. The Communists, for instance, today are militant Bolsheviks, mercilessly exploiting ideas of freedom and equality. So when I speak about social democracy I realize what a mixed bag it is. It must regrettably be regarded less in terms of the programs that its leaders sometimes vaunt than in terms of the people themselves. The programs may be amazing, but the actual leaders who are implementing these programs and leading people are generally far-removed from their avowed objectives.

I am very worried by the alignment of forces that has taken shape today. The "Russia Is Our Home" movement is undoubtedly very necessary and very important and was, I think, set up in a very timely manner. But the possibility of this movement's nomenklatura-based development makes me suspicious. I cannot help remembering 1990 in this connection, when democracy doggedly fought against a nomenklatura that spread as far as the Supreme Soviet. Regrettably many leaders in certain regions, having joined "Russia Is Our Home," have begun taking more vigorous action to impede the development of democracy at local level. How we failed to be alarmed! Without real parties, without profound and serious platforms, and without individuals who represent these platforms, we can easily slip into a nomenklatura-based state or a police state.

[Kucher] Have you talked to the president about parties? What is his view? Does it coincide with yours?

[Filatov] I think it does, although our assessments of the parties and their leaders may differ.

[Kucher] At the beginning of the democratic transformations everyone liked the prefix "de": demonopolization, deideologization.... Today how do you view the idea of a state ideology?

[Filatov] In a normal society the ruling party generates the ideology. By a state ideology I primarily understand easing the contradictions that invariably arise in society and justifying current standards of morality (primarily professional morality and the attitude to socially useful labor). If there is no connection between government authority, justice, the law, and force, the state disintegrates. State ideology primarily runs through the development of the legislative process in the state. I think that the absence of an influential party means the absence of a majority ideology. We are, regrettably, still probably a few years off an absolute party majority in parliament. That is because parties are not developing in a normal, comprehensive manner. The rumps that exist today cannot have a parliamentary majority or represent state ideology.

Hence the patchy ideology, which is not being put into practice in a fruitful way.

Many people fail to realize that and are asking the state and the president to virtually introduce a state ideology by edict. While manifesting the greatest of interest in ensuring that the state constantly "supervises" and supports the development of state ideology, the president cannot do this successfully without a powerful majority party to rely on in the parliament. But, as you know, the president does not have a party. You might consider this an impasse. Thus it is necessary to work toward this gradually by means of legislation, by developing society's legal awareness. That is the only way we can help people gain awareness of the real processes without letting them slide. That is my view of a state ideology.

[Kucher] In that case, what effect are the president and the supreme authorities having on the lawmaking process?

[Filatov] Strictly speaking, little effect. The steps that have been taken (they amount to setting up a coordinating commission led by Mikhail Mityukov, first deputy chairman of the State Duma) were taken on the president's initiative, and it is a correct one. But we have only partially performed this task: Of the 400-600 draft laws that the country needs we are picking those that are of paramount importance today (in the view of this commission and all structures of authority), and they are being submitted for the consideration of the State Duma. But right now there is little order in this process. The point is that some concepts exist. There is, for instance, the concept of judicial reform, the concept of developing authority and the economy. However, today we realize that a unified state program of legal reform is what is needed. A long-term program. If it is developed and if we succeed in legislatively ratifying it, society will be secured against the sixth or seventh State Duma turning back the clock. This kind of legal reform is necessary in order to safeguard society against that and provide it with guaranteed development. The first move has been made — a presidential edict has been signed on this. I think that a major conference should be held in the fall — Federation components also have an interest in this.

[Kucher] The conciliation commission, the Public Chamber, and the Treaty on Social Accord.... Do they have a future?

[Filatov] I think that during this year's election campaign the 965 leaders who signed the Treaty on Social Accord — and there are tens, hundreds, thousands, and

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even millions of people behind them — could be very active in this process. After all, many of the future candidates will be nominated by collectives whose leaders are taking part in the work of the Conciliation Commission and the Public Chamber. And they can of course provide their nominees with strong, professional support. The public chambers at local level can have their say too, because the most important thing that society needs today is confidence in the people whom it elects. Which is generally where voters get stung. We vote for a person and he suddenly turns out to be different from the way he seemed. Very many people are just blatantly slippery: They enter elections with one set of slogans and mentally espouse ideas alien to the voters. The Public Chamber can and must act as the guarantor of their candidates' moral integrity. I believe that this will be the greatest thing that the parties to the Treaty on Social Accord can achieve.

Purpose of Yerin Posting to SVR Examined

954F2766A Moscow ARGUMENTY I FAKTY in Russian Jul 95 No 28, p 2

[Unattributed report under the rubric "Political Salad": "Primakov Under the Investigative Eye"]

[FBIS Translated Text] Some specialists following the activities of the Russian Federation Foreign Intelligence Service (SVR) have an interesting opinion regarding the arrival there of the former MVD [Ministry of Internal Affairs] minister V. Yerin. They say that the SVR has become too secretive even for the top national leadership. Allegedly the president even is receiving memoranda hinting that "foreign special services are spinning their webs" in the bowels of the SVR. The evidence is indirect but quite substantial. For instance, the sudden exposure of our superagent in the U.S. CIA, A. Ames, after eight years of fruitful work, and the continuous expulsion from a number of countries of Russian agents working under diplomatic cover. There are more serious items as well—for instance, catastrophic losses in the world arms sales market.

All of this, they say, prompted a reliable troubleshooter—V. Yerin—to be placed in intelligence. To appraise the situation from inside. Because with all his apparently unassuming exterior, Ye. Primakov's new deputy possesses an analytical mind and is observant, precise, and purposeful.

We have learned, however, that Yerin is not going to stay long in this job. A slot is being prepared for him as official SVR representative in one of the European countries. By the way, not only the SVR but also the FSB [Federal Security Service] has secured such postings for itself. Until then, the former minister is being assisted in learning the ropes of his new job as an intelligence officer by his own son, who has been working in the SVR since graduating from the Higher Police School.

Interview With Shokhin on 'Our Home' Party

MK1407042895 Moscow OBSHCHAYA GAZETA in Russian No. 28, 13-19 Jul (Signed to press 12 Jul 95) p 8

[Interview with Aleksandr Shokhin, member of the Russia Is Our Home Executive Committee, by unnamed reporter under the "Firsthand Information" rubric: "'Our Home' Needs New Facade"]

[FBIS Translated Text] The previous OBSHCHAYA GAZETA issue carried an item entitled "They Are Dividing Chairs in 'Our Home.'" Aleksandr Shokhin, a member of the NDR [Russia Is Our Home] executive committee, has let the editors know that, being an informed person, the OBSHCHAYA GAZETA informant is not exactly scrupulous in interpreting the problems the NDR executive committee had come up against in planning its election campaign actions. The editors have asked Aleksandr Nikolayevich [Shokhin] to present his own point of view on this matter.

[Shokhin] Most importantly, I would not call what the executive committee of "Russia Is Our Home" is busy doing a division of seats in the future Duma. In actual fact, we are racking our brains over how to campaign more effectively for these seats. The question of forming our future parliamentary faction cropped up because we are already supposed to draw up a list of candidates appealing to the electorate. At any rate, this is the way I see my task.

[OBSHCHAYA GAZETA] This is not a simple task. It is also not quite clear why you, someone involved in the government, should undertake it, why should you join the "party of power," giving up the status of an independent politician.

[Shokhin] Well, there is no special plan about it. When it became clear on 12 May 1995 that the Party of Russian Unity and Accord [PRES], whose faction member I have been since 1993, became in fact a collective member of the "Russia Is Our Home" movement, I stated that I quit PRES the same day. Not because I do not accept the tasks and objectives set out in the rules of this movement, but I thought it would be very hard to influence the line of "Our Home" being "member of a collective member." I said in a faction meeting: I am prepared to consider terms on which I may join "Our Home" if I get a personal proposal from the leader of this movement. I hold what may not

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be an outstanding but nevertheless prominent position on the political stage to set whatever terms. When the leader of the movement Chernomyrdin made me such an offer, I had several discussions with him. We, for example, discussed the possibility of my heading the development of the movement's program. This was the premier's proposal. I, to be honest, did not accept it at once. Writing a program is half the thing, you should make sure the movement corresponds to this program. I do not like the fact that "Russia Is Our Home" is perceived by the public opinion as a "party of power." With an image like this, it is hard to hope for success. In this connection, I accepted the offer to write a program together with some promise from the leader of an opportunity to influence the other key questions of organization of the "Russia Is Our Home" movement.

[OBSHCHAYA GAZETA] Rumors have it that the movement's platform elaborated by you differs from the government program. Is this the plan or your impromptu effort?

[Shokhin] We discussed this question with the leader right from the start and concluded that the movement program could differ from what the government is working on at the moment and intends to work on in the near future. Why? Firstly, because the Duma will be elected for the duration of four years; thus the movement program should be figured out to take care of as long a period as possible. Secondly, the government should rely on broader sections of the population and deputy groups rather than on those that support it at the moment. All sorts of coalition gambles in parliament are inevitable but it is better to form a coalition before the elections. If the movement platform is based right from the start on broader political and economic views, one can build the base for a future coalition in parliament in advance.

[OBSHCHAYA GAZETA] Could you say briefly what sets apart the government program from the program of the movement?

[Shokhin] This, for example, includes a changed main slogan of the government's economic policy. Whereas during the previous three or four years all the efforts were aimed at liberating market forces, now you can put at the head of the list a stronger role of the state in the economy and the creation of prerequisites for steady economic growth and the accumulation of national capital. We, of course, differ from the Communists and Glazyev's followers on the question of the role of the state. We advocate the idea that the state should, after it has developed the rules of the game, start seeing to it that the rules are observed, something it so far does not know how to do, unfortunately, and owing to which the shadow economy is growing.

The second key question is the transition to a policy encouraging accumulation of national capital and steady economic growth. In particular, I have in mind the optimum redistribution of incomes from privatization between the treasury and investments, the holding of an internal loan campaign not only for fiscal purposes but also for patching up holes in the budget, once again in order to mobilize funds for investments.

[OBSHCHAYA GAZETA] You've said that writing a program is half the thing. But what is to be done about the image of "Russia Is Our Home" so that it is not confused with the government?

[Shokhin] The task, as I see it, is to remove the nomenklatura patina from "Our Home." I think the list of candidates to be approved by the next congress of the movement should represent on a broader scale public and political figures rather than executives of various ranks and various levels of authority. If this succeeds, it would be easier for "Our Home" to work with the other political movements and parties and, most importantly, with the electorate.

It goes without saying that Chernomyrdin should be at the top of the list, although everybody must realize that if Chernomyrdin remains premier following the elections, he would have no time for sitting in the Duma. One more thing is that if the list includes many ministers and governors, they would then not wish to give up their portfolios for parliamentary activity. The voters would take it for a deception. If a minister should wish to run for the Duma, he is supposed to write an application for an unpaid leave or resign. This is a normal course of action. It would make it possible to lift the current accusations against "Our Home" of being extremely nomenklatura in nature and to organize the election process in a normal way. There are people among the "Our Home" activists who are prepared to get transferred from a government position to parliamentary positions, but generally, there are of course problems involved in forming the list of candidates.

PRAVDA Rebuts Zhirinovskiyists' Complaint

MM1407101395 Moscow PRAVDA in Russian 13 Jul 95 pp 1, 2

[Report by Ivan Boltovskiy: "Once Upon a Time There Lived a Worker in the Land of the Soviets"]

[FBIS Translated Excerpt] At the end of May PRAVDA published an article entitled "Leaders Are Passing Us By" (25 May 1995) which gave an account of the mood of Moscow plant workers. A topic unexpectedly

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raised has been developed. The reason is a statement by the press service of the LDPR [Liberal Democratic Party of Russia] parliamentary faction which has arrived at the editorial office. Let us quote the full text of this message: "The PRAVDA newspaper published a front-page interview with Nikolay Gerasimov, a lathe operator at the 'Stekloagregat' plant, which contained the following words: '...you will not find anybody who would rely on Yeltsin. And people laugh at Zhirinovskiy: They think he is a clown.' We contacted Gerasimov and it emerged that he had said nothing of the kind. What is going on? In the best Bolshevik traditions the PRAVDA newspaper attributes words to people which they did not say. As before, communists are lying in the name of the workers. Are you not ashamed? No, obviously not. Libeling the LDPR and its chairman has become a bad tradition of this newspaper. But at the same time, are you ashamed to call yourself PRAVDA [The Truth] and write that name in huge letters?"

Reading such emotional lines, in which every word exudes genuine sincerity, how can we fail to imbibe the Liberal Democrats' indignant feelings? Certainly many people who received this official statement sympathized with the people making the statement. I too started to doubt what I had heard with my own ears. What if I had gotten something wrong or misheard something? I went to "Stekloagregat" again.

Several workers were smoking in the plant's yard, sheltering from the sun's burning rays in the building's shade. I went up to them and told them why I had come.

"Kolka [Nikolay] gave the correct impression," Ivan Yegorovich Solomennyy began our conversation. "He has worked as a fitter in the plant for around 30 years." God forbid that Volfovich [Zhirinovskiy] becomes president; he will be worse than a barbarian," Ivan Yegorovich crossed himself. "I would like to see as president a man who has experienced people's sufferings for himself."

"Zhrinovskiy makes comments for the people and for order, but none of it is serious," electrician Valentin Fedorovich Vlasov joined the conversation. "All he does is blow with the wind, swaying with public opinion."

"A serious politician should never advertise himself on vodka bottles," reamer Andrey Anatolyevich Komarov laughed.

"I disagree with PRAVDA only on one point — that everything is as quiet and calm as a cemetery in the plants," foreman Anatoliy Sergeyevich Chuprakov intervened. "No, it is not quiet and it is not calm. The people are indignant. Train travel costs, and now housing rent, have soared. I bought some medicine — I paid 80,000 [rubles]! The government must be changed and the communists must be let into power. Except that that cannot be achieved without a general strike. No thief ever parted willingly with his spoils."

I found Gerasimov in the shop at his bench. His arms were virtually black up to the elbows from working with metal. His face bore a metal "suntan."

"Here is my product," Nikolay Sergeyevich pointed to brass rings lying in a pile, reminiscent of cogs except without the teeth. "They are washers. They are used in the manufacture of machines producing glass bottles."

I told Nikolay Sergeyevich about the threatening letter to the editorial office. Initially he frowned, then suddenly burst out laughing at the top of his lungs:

"What rogues! That is Zhirinovskiy all over. How could you think that I got scared and took my words back! Nobody telephoned the plant. Everything here" — he pointed to the letter from Zhrinovskiy's supporters — "is lies."

I told Nikolay Sergeyevich about my recent conversation with his comrades and he ordered me: "So write down that, to begin with, the workers gabbled some spicy words, and after that came the main point. And note that everything was said in a sober state." [passage omitted]

The following question is arising increasingly often: Who will stop the inevitable impending disaster? False prophets like Zhirinovskiy, not to mention Gaydar, are no longer rated by the people, who have been brought to their senses by poverty. The time for demagogues and populists has gone, along with belief in the wisdom of the politicians pontificating on our television screens. Now the people will believe only in deeds and in those who prove their concern for the people by their deeds.

Businessmen Discuss Backing for Election Candidates

MK1407104695 Moscow SEGODNYA in Russian 14 Jul 95 p 2

[Report by Gleb Cherkasov under the "Debate" rubric: "Elections in Russia To Cost More. Businessmen Tend To Back Individual Candidates Rather Than Party Lists"]

[FBIS Translated Text] A roundtable meeting focusing on the involvement of Russian business in the 1995-1996 election marathon took place at the Chamber of Commerce yesterday. The event launched by the Chamber of Commerce and the Russian Political Technologies Association drew the attention of certain expert

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and analysis bodies. The gathering bore more of an introductory nature: The participants swapped views on ways for businessmen to become involved in the parliamentary elections. Stanislav Smirnov, the Chamber of Commerce president, pointed out in his opening speech that the election campaign will affect not only the political but also the economic life of the country.

Most of the speakers held the view that the involvement of the business sector in the parliamentary elections will take the form of financial aid for single- and multi-candidate party tickets [as published]. Sergey Malinin, deputy director of the Fund for the Development of Parliamentarism, supposed the forthcoming election campaign would be considerably "more expensive" than the previous one. Rough estimates are that in single-seat constituencies, the "cost" of one candidate will amount to no less than $200,000. There had been assumptions, in this connection, that some commercial organizations that had been participating very actively in the previous election campaign this time will have to think twice. Vladimir Gubernatorov, a Chamber of Commerce expert, stressed that the interest of businessmen in the outcome of the elections will result in "Russia's breaking all records in election campaign expenditures." Some speakers at the roundtable also noted that businesspeople are likely to focus on backing candidates in single-seat constituencies rather than entire party lists.

Government Orders Ministries To Reduce Staffing

LD1407104795 Moscow ITAR-TASS in English 1038 GMT 14 Jul 95

[By Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW July 14 (ITAR-TASS) — The Russian government issued a resolution ordering federal ministries and departments to cut their personnel by 6-7 per cent on average and the territorial executive authorities — by 12.2 per cent.

Usually the government took the finances freed by reduction away from the ministries, but this time it allowed them to share the wages as remuneration among remaining staff.

"This is for the first time that such a document introduces the norm under which the finances saved by reducing personnel in state organisations remain at the disposal of the workforce to increase material incentives for the remaining employees", Gennadiy Alekseyev, head of the state service department of the Russian government, told TASS Friday.

The resolution of the government came into force on July 1 and covers all ministries, state committees, services and territorial bodies.

The document contains exact figures of the personnel who are to remain in each ministry.

Government Ratifies CIS Agreements on Rights

MM1307114095 Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 First Edition p 5

[Russian Federation Government Decree No. 616 "On Ratifying the Cooperation Agreements Signed by the CIS States 9 September and 9 December 1994 in Moscow," signed by V. Chernomyrdin, chairman of the Russian Federation Government, and dated Moscow 26 June 1995]

[FBIS Translated Text] The Russian Federation Government decrees that:

the following are hereby ratified:

the Agreement on Mutual Recognition of Rights to Compensation for Workers for Disablement, Industrial Disease, or Other Injury to Health Associated With Their Performance of Work Duties, signed 9 September 194 in Moscow;

the Agreement on Cooperation in the Sphere of Labor Protection, signed 9 December 1994 in Moscow;

the Agreement on the Procedure for Investigating Production Accidents Involving Workers Outside Their State of Residence, Signed 9 December 1994 in Moscow.

The Russian Federation Ministry of Foreign Affairs is to notify the depositories of the Russian side's fulfillment of the intrastate procedures necessary for the entry into force of the aforesaid agreements.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 26 June 1995

Military, Nuclear & Space Issues

Defense Minister To Visit Severomorsk 19 Jul

LD1407142595 Moscow Radio Rossii Network in Russian 1000 GMT 14 Jul 95

[FBIS Translated Text] The city authorities and general public in Petrozavodsk are worried over the stories that reappeared in the mass media that the aircraft carrying cruiser Admiral Gorshkov may be sold to India. The capital of Karelia has established close patronage relations with the cruiser since last year. Our correspondent Igor Ilyin is on the phone.

[Ilyin] In the opinion of (Sergey Katanandov) head of the Petrozavodsk self-rule authorities, it is the bitterness

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over the future of the Russian Navy that causes anxiety and not a possible loss of the patronage relations with the Navy, whose 300th anniversary we are going to mark next year. Of late, our press has published quite a few stories about the future of Russian aircraft carriers, or to be more exact, of what is left of the Russian aircraft carrying fleet. In fact, two cruisers remain — the Admiral Gorshkov, which according to military experts is capable of ensuring an antisubmarine defense for the whole Barents Sea, and the Admiral Kuznetsov, a flagship of the Northern Fleet with up to 50 SU-27 fighter planes on board. The plight of other aircraft carriers such as the Kiev, Minsk, and Novorossiysk is to a certain extent tragic. They have been sold for scrapping before their service life was up. The renowned Varyag is slowly dying in Nikolayev. Hope that its construction will be completed seems to have died even earlier.

The KOMMERSANT-DAILY newspaper of 1 July told its readers that in mid-July a delegation of the Indian Defense Ministry will arrive in Moscow for investigating the possibility of buying the Admiral Gorshkov aircraft carrier. Provided the deal is a success, it will become the flagship of the Indian fleet. Admiral Igor Kasatonov, first deputy commander of the Russian Navy, is categorically against such plans. In the opinion of Northern Fleet Commander Admiral Oleg Yerofeyev, the selling of the Admiral Gorshkov may lead to deeply negative changes in the structure of the whole Navy. By the way, in an interview to your correspondent last spring, the commander admitted that he personally only learned about the intended sale of the Admiral Gorshkov aircraft carrier from the mass media. To say the least, this looks strange when the future of a heavy aircraft carrier is decided behind the backs and without taking into account the opinion of the navy commanders of such a rank.

According to the information received from the Northern Fleet headquarters, Defense Minister Pavel Grachev is expected to visit Severomorsk on 19 July, and it is not ruled out that President Boris Yeltsin will visit the fleet on 20 July. It is quite possible that the final decision on the future of the cruiser, which has not served even a quarter of its life span, will depend on the decision of the head of our state. Meanwhile, the crew of the Admiral Gorshkov hopes that their vessel will not fall victim to a trade deal, where those who do not care about the future of the Russian Navy at all are acting as salesmen in the arms-selling shop.

Defense Ministry Settles Scores With 14th Army

MK1307122895 Moscow OBSHCHAYA GAZETA in Russian
No. 28, 13-19 Jul 95 (Signed to press 12 Jul 95) p 2

[Report by Rodion Morozov from Tiraspol under the "Situation" rubric: "The Minister Does Not Need a Battleworthy Army"]

[FBIS Translated Text] A scandal is under way in Tiraspol: The disbanding of the command personnel of the 14th Combined Arms Army, renamed an operational group, has begun. Even if its new commander has done his utmost so as to avoid unnecessary ado.

It is practically impossible to make contact with anyone from the operational group. One of the first — albeit unofficial — directives by Major General Valeriy Yevnevich, who replaced Aleksandr Lebed as army commander, was the strictest ban on any contacts with the press. Officers, who became accustomed to speak freely under Lebed's command, have grown visibly depressed.

It is said that lists have already been compiled specifying who will be transferred where (none to the promised land). So far the fate of only three commanders is known for certain. First of all, there is Major General Yuriy Popov, commander of the Russian division stationed in Tiraspol. Just recently, Popov, who comes from the airborne troops, was called one of the most promising "young" generals, while the system of training the domestic "green berets" he devised together with his army commander was hailed as superior to a similar American system. For this reason it did not come as a surprise when Pavel Grachev offered him studies at the General Staff Academy with a subsequent promotion. This offer was made in front of television cameras, but once they moved on, Popov's choice turned out to be fairly limited: either to become commander of a storage base in the Far East or to resign.

The commander of the 183d Regiment, whose units elicited the most enthusiastic appraisal over the past three years at all Russian test ranges, has been presented with a similar choice. Presently he has been offered the post of commander of the peacekeeping regiment in Totsk. But there is one mean condition attached: He should give the go-ahead to the ignominious discharge of the current regimental commander by the time of his arrival.

Colonel Chernobrivyy, chief of the 14th Army's missile troops and artillery, moreover, was told by the Defense Ministry commission from Moscow that he unduly burdens the operational group's compound with his person and for this reason should urgently find a

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civilian job — although it was he who, despite the most unfavorable conditions, managed to secure the withdrawal of the 189th Missile Brigade to Russian territory and the disbanding on the spot with the subsequent partial withdrawal to Russia of the 183d Missile Brigade and the 387th Mobile Repair Base. Thus he made sure that unique combat systems were preserved — it is terrible to imagine what could have happened had they found their way into the hands of any of the warring factions...

Curiously, even despite regular tensions between Aleksandr Lebed and the Defense Ministry leadership, the 14th Army was objectively recognized as one of the most battleworthy (if not the best one) in the Russian Armed Forces and represented, as the army commander put it, a perfectly fit and well-oiled mechanism. One can only guess why and for what reasons this mechanism is now being destroyed.

Meanwhile, the quiet in the "Moldova-Operational Group Command-Dniester Region" triangle is unlikely to last much longer. Valeriy Yevnevich has displayed the inclinations of a fairly good diplomat, rushing to have himself introduced to Moldovan President Mircea Snegur the very first moment upon taking up a new job. He has also managed to establish cordial relations with the leaders of the Dniester Region Republic (in which he was aided by his old friend, General Kitsak, who currently serves as adviser to President Igor Smirnov). But he will be unable to sit between two chairs all the same: Differences between Chisinau and Tiraspol are too serious to be resolved by a simple replacement of the "uncompromising" Lebed by the "pliant" Yevnevich.

Funding Said Crucial to Nuclear Waste Crisis

MM1407084395 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 95 p 1

[Article by Dmitriy Litovkin: "Decommissioned Nuclear Submarines Are Still Awaiting a State Salvage Program. But They Are Already Threatening To Cause a Disaster"]

[FBIS Translated Text] The following joke has been going around the North of Russia for a long time: There are a lot of mouths [inlets] here, but no one to kiss. Today a new version of it could come into being: The mouths of the Arctic are not only cold and stony, but dangerous too. Russia's decommissioned nuclear submarines have found their final resting place in the natural crevices of this rocky coast. There are already dozens of them all over the Kola peninsula, and there will be hundreds. Every one of these ships is a potential Chernobyl, all the more dangerous for being afloat....

It appears that the main fruits of the Cold War for all countries which participated in the arms race have been the accumulation of an enormous quantity of nuclear weapons and delivery systems, including submarines with nuclear power plants, which are just as dangerous from the viewpoint of the environment. Now that the nuclear potentials of universal destruction are being reduced, many of these are either not required, or are subject to decommissioning as having exhausted their service life during the years of confrontation. Thus Russia, for example, has to withdraw 160 nuclear submarines from the Navy by the year 2000 in this connection. The biggest and mightiest of the fleets — the Northern Fleet — is the most emblematic in this respect.

As Captain First Rank Stanislav Golovinskiy, deputy chief of the Northern Fleet Technical Directorate, told me, as of today over 70 submarines have already been withdrawn from the fleet. And their number will rise in accordance with international treaties on the reduction of strategic offensive weapons. But you could say that these are figures which reflect political realities connected with the reduction in international tension. Strange as it may seem, the military is more concerned about... salvaging the decommissioned nuclear submarines today than about reducing the number of submarines in service.

According to Stanislav Akimovich, the decommissioned submarines are afloat and are awaiting the time when the money will be found for removing the nuclear cores from their reactors. But there is no money. And if it is found, even then problems will remain.

The point is that all the fleet's liquid and solid radioactive waste tanks are practically full. Before 1992 liquid waste was simply dumped in the sea. Today however, the situation has changed radically. Russia's international commitments, the scale of the environmental movement, and indeed concern for the preservation of the ocean's fish stocks and people's health are demanding other solutions. But none has been found at present. The attempt to treat at least some of the radioactive water from the reactor sections of the submarines at the Murmansk Nuclear Fleet services base have not led to the desired result either. In military reactors, unlike civilian ones, the use of salt sea water is permitted, and this in its turn makes the process of its treatment more difficult. And because of its lengthy and expensive nature, neither the Northern Fleet command nor Atomflot [expansion unknown] is able to get involved in it.

The unloading of the nuclear fuel right after transportation onto a special train subsequently dispatched to treatment enterprises in the heart of Russia does not solve the

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problem either. A special train, costing 10 billion rubles [R] for one trip, comes to the North three times a year and is only capable of taking away the fuel elements of the reactors of two submarines. Which, according to Golovinskiy himself, puts the solution of the problem decades away. And after all, the fleet still has submarines in operation whose reactor nuclear cores also need replacing, as they have exhausted their service life. So that, in order to maintain combat readiness, the special train trips must be geared primarily to them. In the meantime the number of decommissioned submarines is only growing.

Apart from the purely technical problems, there is also the absence of personnel on the decommissioned ships to service them — to keep them afloat and ensure radiation security. There is no point in even mentioning the financial aspect of the matter. After all, whereas at least some money is being allocated for salvaging strategic ballistic missile submarines under START I and II, according to the deputy chief of the Northern Fleet Technical Directorate there is not and never has been any money for the first- generation nuclear submarines, which carry only torpedoes, such as the Leninskiy Komsomolets, for example. The period of service of nuclear-powered vessels is a maximum of 25 years, and the oldest of these is already over 35 and has not been salvaged. However, completely breaking up one submarine entails a loss of R500 million.

The conclusions to be drawn from this are very inauspicious: The North is literally standing on the brink of an environmental disaster. If it were not for the efforts of the fleet command, which are not backed financially by the state and which go beyond the range of their duties — nowhere in the world do naval seamen carry out such tasks — this would no doubt have already happened. Although it cannot be said that no one outside the fleet is looking for a solution to the crisis.

One of these attempts has been the project, recently tested at the "Northern Machine-building Enterprise" Science and Production Association, for cutting out the reactor sections of nuclear submarines, sealing them, and subsequently transferring them to temporary storage. An agreement on the construction of a regional nuclear waste dump on the Novaya Zemlya archipelago, signed by the administrations of Murmansk and Arkhangelsk Oblasts, the command of the Northern Fleet, and the Ministry of Atomic Energy, is also aimed at assisting this work.

Attempts have also been made to get the problem sorted out from a different direction. An international conference on the problems of decommissioning and salvaging nuclear submarines has recently been held in Moscow. It was the first time that scientists and practical workers from Russia, the United States, Germany, Denmark, Norway, Sweden, France, Canada, and Estonia had shared their technical experience in solving this problem, which is so difficult for all of us, and reached agreement on mutual aid. This unity, primarily among the countries of the "nuclear club," is entirely explicable: Other countries apart from Russia are also faced with the task of salvaging nuclear submarines, although not on such a scale.

U.S. Government representative Leo Duffy promised that his country would supply American technological equipment to Russian ship-building plants which are being freed as a result of the closure of a number of shipyards and would allocate $130 million for carrying out salvaging work. An American apparatus for cutting the hulls of submarines is already in operation at the Northern Fleet's "Nerpa" ship-repair plant. It is demonstrating a high degree of efficiency and is helping to cut up the nuclear submarines more quickly and without any environmental consequences. A few "pairs of scissors" like these can sharply raise the productivity of the shipbuilders' labor.

However, even the Americans' process for salvaging nuclear submarines is fairly labor-intensive and expensive. For example, "cutting up," so to speak, over 30 submarines recently in America cost $8 million and required 400 man hours per submarine. And that is with their high technology and fairly stable economy. So how is Russia to cope?

According to Nikolay Shumkov, a representative of the Russian Federation State Committee for the Defense Sectors of Industry, the way out of the prevailing situation should be sought at home and not by expecting assistance from the West. The 1995 budget provides for expenditure on salvaging nuclear waste to the tune of 450 billion. According to the specialist, if the fleet receives at least half of this money there are hopes that the problem with salvaging nuclear submarines will slowly start being resolved. But, skeptics claim, hopes for such sums are most probably unfounded.

I spoke to many participants in the "nuclear salvagers'" conference. They are saying that the specialists' recommendations will remain mere words on paper unless the government backs up specific technical projects financially, and we should make haste because after 2000 it is expected that something in the region of another 100 nuclear powered vessels will be removed from the fleets. So that if the procrastination and delay continues, an environmental disaster in the North could turn out to be quite real.

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For the time being, as Captain First Rank Stanislav Golovinskiy says, the regions are fighting literally hand-to-hand for the decommissioned submarines' survivability, exerting every last ounce of energy to keep afloat nuclear submarines decommissioned long ago, and resorting to every trick to dispatch the unloaded reactor nuclear cores for treatment to plants. But this cannot carry on forever.

Radioactive Waste Recycling Project Under Threat

LD1307192495 Moscow ITAR-TASS in English 1715 GMT 13 Jul 95

[By Vladimir Konoplitskiy]

[FBIS Transcribed Text] VLADIVOSTOK July 13 (ITAR-TASS) — Liquid radioactive waste may have to be dumped in the Sea of Japan unless a Russian-Japanese waste recycling project is launched soon, a news conference was told today by Yevgeniy Stomatyuk, chairman of the Maritime territorial administration's environment committee.

The idea of recycling liquid nuclear fuel from Russian submarines was prompted two years ago when a scandal flared over two old tankers anchored in Vladivostok's ship-repair yard, with a threat of a fuel leak.

Stomatyuk said the project was hindered by controversies between the Russian Atomic Energy Ministry and the territorial administration.

The project is stalling because the ministry is obtrusively imposing on the administration a contract with a foreign firm whose waste treatment plant project is seen by the administration as inferior to other bids brokered by Japan.

Mir Cosmonauts Begin Spacewalk 14 Jul

LD1407054095 Moscow ITAR-TASS in English 0435 GMT 14 Jul 95

[By Anna Bakina and Viktor Gritsenko]

[FBIS Transcribed Text] MOSCOW July 14 (ITAR-TASS) — Mir comsonauts Anatoliy Solovev and Nikolay Budarin began to open an egress hatch at 07.44 (03.44 GMT) on Friday and went out into the open space at 07.52 (03.52 GMT), a spokesman at the Mission Control Centre has told ITAR-TASS.

The cosmonauts' spacewalk is planned to last five hours and 14 minutes. Solovev and Budarin are to inspect the second solar-cell battery on the Quantum-2 module, the contact zone of the Spectrum and Crystal modules as well as a transfer compartment ring which signalled non-tightness during re-dockings.

Besides, the cosmonauts are to begin to repair the undeployed additional solar-cell battery of the Spectrum module. The peculiarity of this spacewalk is that the Mir will remain unmanned, whereas previously there was always someone on board.

'Partially' Unfold Solar Battery

LD1407095795 Moscow ITAR-TASS in English 0941 GMT 14 Jul 95

[By Anna Bakina and Viktor Gritsenko]

[FBIS Transcribed Text] MOSCOW July 14 (ITAR-TASS) — Russian cosmonauts Anatoliy Solovev and Nikolay Budarin completed a five-hour space walk Friday and succeeded to partially unfold a solar battery on the "Spektr" module.

The mission control centre told TASS the cosmonauts did everything possible to unfold the battery, but suceeded to open it only partially and now it was the task of specialists on the Earth to check the work of the battery and its power yield.

Solovyov and Budarin also checked the solar battery on the "Kvant" module and a ring on the transfer compartment through which oxygen had leaked.

The also inspected the zone of contact between the "Spektr" and "Kristall" modules.

The mission control centre stressed that, in contrast to the previous team, Solovev and Budarin suceeded to fully complete the programme of the space walk and even prompted to ground experts their own technological solutions of the problems on the "Mir" surface.

The next space walk is scheduled for Tuesday, July 18. It is planned that the cosmonauts will install a joint Russian-Belgian made "MIRAS" spectrometre.

No more preparations for docking with the cargo "Progress" spaceship which is to be launched on July 20 are necessary any longer as all the docking units are in proper order.

Federal Assembly

Kozyrev Speech Postponed at Officials' Request

LD1407115195 Moscow ITAR-TASS in English 1141 GMT 14 Jul 95

[By Ivan Nivikov]

[FBIS Transcribed Text] MOSCOW, July 14 (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev's speech, which was scheduled to be made in the State Duma on Friday, has been postponed at a request

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of Duma Committees' Chairmen Vladimir Lukin and Konstantin Zatulin, House Speaker Ivan Rybkin has told a plenary meeting of the House.

Rybkin said Kozyrev was prepared to speak in the State Duma today during the "Government hour", giving information on the work of the Foreign Ministry and already gave consent to that but the leaders of the Duma Committee on International Affairs and the Committee on CIS Affairs and Relations with Compatriots requested the speech to be postponed until autumn. The House Speaker did not say what were the reasons Lukin and Zatulin gave for the request.

Duma Passes National Land Code in First Reading

LD1407102395 Moscow ITAR-TASS in English 1010 GMT 14 Jul 95

[FBIS Transcribed Excerpt] MOSCOW July 14 (ITAR-TASS) — The Russian State Duma passed under the first reading Friday the new national Land code which an influential Russian daily described as a "Code of the Communism Builder".

The document passed by a 230 to 43 vote with five abstentions bans foreign legal entities and private individuals from owing land in private property in Russia and allows them only to lease it. [passage omitted quoting IZVESTIYA comment]

Proposed Land Code 'Could Destroy' Reforms

MM1407080595 Moscow IZVESTIYA in Russian 14 Jul 95 p 1

[Article by Nikolay Obushenkov of the Institute of the World Economy and International Relations: "Duma Instructed To Adopt Builder of Communism's Land Code"]

[FBIS Translated Text] The Duma plans to examine the draft Land Code Friday. This document has repeatedly emerged over the past year, only to be sent back for further work.

The scrupulousness and intractability shown by the deputies and experts regarding the Land Code is understandable. Land ownership rights are a fundamental document not only for market reform, but for the state's entire social makeup.

In principle we are surprised that the Land Code has even appeared. In most Western countries land relations are regulated, as a rule, by civil codes. The sections on ownership and other rights of ownership, including land ownership, are central parts of their civil codes and contain hundreds of pages of detailed regulation of land relations. Russia has once again "gone its own way."

Elaboration of the draft was completely given over to the Duma's Agrarian Committee. And this despite the fact that almost 90 percent of land in Russia is not agricultural. Hence the one-sided nature of the new document, in which questions of nonagricultural land ownership and land utilization have been covered very superficially and incompetently. The long list of federal laws which will have to be passed to develop the Land Code is the best testimony to the flawed nature of the draft.

The draft attempts to implement the model of land relations proposed by the current Russian Constitution. The draft permits private land ownership only in the sphere of agriculture and only with some very indeterminate restrictions. The Agrarian Committee contrived to combine in the draft two diametrically opposed approaches to land privatization — the traditional Marxist-Leninist ban on private land ownership (save in a few cases) and the new concept for a Russia in transition of protection for private ownership of (only!) agricultural land by corporate bodies.

Enterprises in all spheres of the economy apart from agriculture are deprived of the right to own land. Article 65 of the draft Land Code allows the transfer to privatized enterprises of the tracts of land on which they are located only on lease or for "open-ended use." The list of types of land which cannot be privately owned includes any land in cities — which cannot be owned by corporate bodies. Moreover, the draft Land Code gives Russian Federation components the right to ban the transfer of other types of land to private ownership as well.

To all intents and purposes the proposed articles are aimed at stifling the privatized sector outside of agriculture. What investor will invest in an enterprise that does not even have the prospect of being able to acquire the land on which it stands? Instead of private land ownership a method is being proposed for setting aside land for entrepreneurial activity — that will dampen the ardor of even the most high-risk investors. On the other hand, this system creates a beautifully systematic and well-organized feeding-trough of colossal proportions for officials at all levels. A better basis for corruption could hardly be imagined.

Yes, the draft Land Code protects private ownership of agricultural land, but for corporate bodies — that is, kolkhozes, joint-stock companies, and so forth — to the detriment of private ownership by individuals (former and current kolkhoz members and sovkhoz workers). The draft law "On the Introduction of the Russian Federation Land Code" would supersede the laws and presidential edicts which have given peasants a right to

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the land. The draft Land Code offers just one right in return — the freedom to reject land rights personally or at a meeting. The Land Code says nothing about the rights of the minority at the meeting or of those unable to attend. Agrarians love kolkhoz meetings because the peasants entrust their fate to them.

The draft Land Code permits people to leave a farm with a tract of land only if agreement has been reached with the farm and if permitted by its rules. Peasants can, of course, appeal to the courts, but the courts can only rule in their favor if the people leaving are entitled to engage in peasant farming, if they have been given a tract of land, if their leaving would not harm the farm, and if they compensate the farm for any damage done by their leaving. The list and nature of these "ifs" shows what a joke is being made of the right to leave with a tract of land and the right to appeal to the courts.

The draft introduces the distorted concept of land shares and the right to compensation for a lost land share. But the compensation is framed with such conditions that it will be virtually impossible to obtain it before 2005-2006.

The leading role played by representatives of the Agrarian Party on the Duma committee that drew up the draft determined the party approach to the elaboration of the Land Code. Its adoption in its current form could destroy all our reforms.

Duma Requests Court Ruling on Sevastopol

MK1407090295 Moscow KOMMERSANT-DAILY in Russian 14 Jul 95 pp 1, 4

[Article by Aleksandr Koretskiy: "Status of Sevastopol. The Duma Intends To 'Raise the Question in a Proper Way'"]

[FBIS Translated Text] Russia should recognize, at the level of international law and, hence at the constitutional level, that there exists a territorial question in its relations with Ukraine. In other words, Ukraine de facto owns a territory which has always belonged to Russia and belongs to it today. This is the point of a request to the Constitutional Court of Russia filed on behalf of the Duma. It is easy to guess that at issue is the status of Sevastopol, or more correctly, to which state it belongs. The occasion that prompted the Duma to turn to the court was provided by a juridical analysis of the edict of the RSFSR Supreme Soviet Presidium of 29 October 1948. The conclusion drawn by the Duma experts is not comforting for the Ukrainian side: Within its administrative borders, the city of Sevastopol has never belonged to Ukraine and does not belong to it today. This is something the Constitutional Court of Russia is supposed to confirm or deny.

The decision to forward the request to the Constitutional Court was made by the deputies last Friday, when they tasked Konstantin Zatulin, the head of the committee on the CIS affairs, and deputies Yuriy Kalmykov and Anatoliy Lukyanov with representing their interests. Yesterday, according to KOMMERSANT-DAILY's information, they finally fine-tuned and harmonized the text of the request. It consists of asking the Constitutional Court to affirm the constitutionality of the RSFSR Supreme Soviet Presidium edict of 29 October 1948, under which Sevastopol was singled out as an independent administrative-economic center with its own special budget and included among the cities under republic authority. At the same time, the court is asked to check up on the constitutionality of the memorable decree of the Russian Supreme Soviet of 9 July 1993, passage of which caused one of the deepest crises in Russia-Ukraine relations; it confirmed the "Russian federal status of Sevastopol within the administrative borders of a city okrug as of December 1991." These documents, it transpires, are in force today because no one has abolished them.

In accordance with a conclusion of the Duma staff legal administration, which one would think will be appended to the request, neither it nor the Russian Justice Ministry administration on systematization of legislation (it registers legal documents which were in force on the territory of Russia at any time) have any information "on abrogation, expiration of, and amendments or riders" to the edict and the decree. That is to say, they are in force. And this means that Ukrainian jurisdiction was extended to Sevastopol in 1968 without the agreement of the RSFSR: Moscow did not transfer to Kiev, in any formal shape, its jurisdiction over the city. This much was confirmed by the Russian Supreme Soviet decision in July 1993. Such is the logic of the request that is going to be, with doubt, graphically and emotionally developed in the course of the court hearings. The examination, the deputies think, is supposed to take place soon, literally the day after reaching a verdict on the currently examined case. And they have every reason to make haste.

The problem is that preparations for the signing of a treaty of friendship and partnership between Russia and Ukraine are in full swing. And although the date of Boris Yeltsin's visit to Kiev was postponed several times, there is no guarantee that the treaty is going to be signed as swiftly and unexpectedly for many politicians as was a similar treaty with Georgia 18 months ago. However, the deputies are also worried by the prospect that the Constitutional Court may generally decline to examine the question of where Sevastopol belongs. But as Konstantin Zatulin has stated to your KOMMERSANT-

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DAILY correspondent, chances that the court will decline to examine the Soviet-era document for fear of setting a precedent are extremely small. Indeed, the Russian Constitutional Court is asked to confirm the legality of a decision made by a Russian organ of power rather than by a Soviet organ of power.

If the Constitutional Court agrees to examine the Duma request, the reaching of a verdict favorable to the deputies would be a virtual certainty, if for no other reason than that the legal documents submitted for verification have not been abolished by anyone. This is an objectively established fact. Hence the request made by the Duma deputies to the Constitutional Court is a bright tactical move. Such a solution to the problem did not simply occur to the head of the special commission of the Seventh Congress, Yevgeniy Pudovkin, who was busy throughout the first half of 1993 solving the Sevastopol status problem and gathered exhaustive factual material that paved the way for the very same Supreme Soviet July decree.

What is the likely fallout from the Duma appeal to the Constitutional Court if the court should say that the deputies correctly understand the Sevastopol status problem? Konstantin Zatulin thinks a positive verdict would amount to a constitutional recognition that this problem exists in the Russian legislation. In other words, Sevastopol will become for Russia what the "northern territories" are for Japan and the "eastern lands" were for the FRG before 1989. All talks with Kiev will open with the reminder that the Sevastopol status problem is pending, and the sides will find a solution sooner or later. Most likely, this will be a compromise solution. It does not matter, Zatulin thinks, if reaching understanding proves impossible today. The important thing for Russia is to state that it regards the question of Sevastopol's status as open — on a constitutional level.

However, not everything depends on the Duma and the Constitutional Court in this matter. The deputies think that today, when conversation turns to Ukraine and to talks with it, one can speak about a stable alignment of forces in the Russian corridors of power. The president himself and his staff have settled for a "rather critical and often mistrustful attitude" to their Ukrainian counterparts. This attitude largely results from three years of what have been essentially barren talks on the division of the Black Sea Fleet and Sevastopol's status. The Duma generally does not expect the president to pressure the judges. Totally different sentiments prevail in the White House. Owing to absolutely definite circumstances, Zatulin in particular believes, members of the cabinet are regarding Ukraine exclusively through an oil and gas prism, never identifying it with the Black Sea Fleet and Sevastopol problems. Even Viktor Chernomyrdin displayed, when he was recently meeting with a number of heads of factions, an "amazing ignorance of some questions of Russian-Ukrainian relations." A number of government members are also prepared to let Kiev have all that is outside their lobbyist interests. Aware of this, the deputies do not rule out the possibility that some pressure upon the Constitutional Court may come precisely from some members of the cabinet. But this pressure would hardly induce the Constitutional Court judges to make what is a patently unpopular move and decline to examine the Duma's request. In fact, an official recognition by Moscow of the Russian status of Sevastopol is not going to mean its automatic annexation: As the deputies say, "we will simply raise the question in the proper way."

Duma Approves Budget Law Procedures, Energy Bill

MK1407045495 Moscow KOMMERSANT-DAILY in Russian 13 Jul 95 pp 1-2

[Report by Boris Boyko under "The State Duma Works Like a Tractor" rubric: "The Russian Triad: Oil, Gas, the Budget"]

[FBIS Translated Text] It would not be an overstatement to say that yesterday's session of the State Duma literally shook newsmen covering economic matters. As though responding to criticism by the government, which during the standoff with parliament often exploited the thesis about its virtual fruitlessness, the Duma has demonstrated unprecedented productivity. Within a mere two hours the parliamentarians managed, without engaging in prolonged debate, to adopt approximately 10 bills. Churned out with machine gun-like speed, they aroused, however, the question of how good legislative enactments adopted almost as a single package can be. Let us hope that work by parliament experts has been efficient enough not to require an obligatory discussion at the session.

Most noteworthy are the bills "On Procedures for Considering and Approving the 1996 Federal Budget" and "On Oil and Gas." They are noteworthy primarily in that both are either directly or indirectly related to the budget because the export of energy carriers and their internal turnover are one basic component of state budget revenues.

Unlike the legislative regulation of the 1995 budgetary process, the bill "On Procedures for Considering and Approving the Federal 1996 Budget" provides for a fast-track procedure for adopting the budget — not in four but in three readings. According to Oksana Dmitriyeva, chairman of the Budget Subcommittee of

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the Duma Budget and Finances Committee, it is planned to consider and adopt the 1996 budget within two months: in October and November of this year. Such statements cannot be described as other than sensational, considering that in previous years the budget process recalled an endless walking in circles.

Another important aspect is the revision of procedures for submitting draft budget-related documents to the Duma. The law says that the government must present the 1996 draft budget to the Duma together with all the related documents (in particular a forecast of socio-economic development) before 1 August. Now, in the first reading of the draft budget the State Duma — in addition to the basic propositions of the forecast of socio-economic development for 1996 — will also discuss the basic budget parameters, and changes and additions in the tax legislation. It is important that apart from revenues, expenditures, and deficits, basic budget parameters also include the distribution of federal tax and toll revenues between the federal budget and the budgets of the federation components. Should the State Duma reject the draft budget on its first reading, a conciliation commission will then be formed with Duma deputies and government representatives, which is to present, within 10 days, a coordinated variant of the basic parameters and a revised draft budget.

Another notable event was yesterday's adoption of the bill "On Oil and Gas" which with good reason can be described as long-suffering, if only because its origins go back to the times of the Supreme Soviet and the Fuel and Energy Ministry under its first Minister Vladimir Lopukhin. Formally developed as a followup to the law "On Subsoil Resources," the law "On Oil and Gas," according to its authors (in addition to house experts, it includes experts from the Fuel and Energy Ministry), represents Russia's new energy policy preventing the "escalation of crime around oil." The bill regulates relations arising in the process of prospecting, survey, and extraction of oil and gas, and their transportation and storage on the territory of Russia and its continental shelf. Significantly, oil and gas are recognized as major types of strategic raw materials.

It is substantial that under the law, oil and gas in their natural condition in the subsoil are state property. Extracted from the subsoil, oil and gas can be in state, private, municipal, or other ownership. Transfer of the ownership title is established by a license agreement. Oil and gas obtained by the owner of the license as per its terms and returned into the subsoil for storage or in order to increase the capacity of the hole or the oil yield or to prevent the wasting of oil and gas are not considered to be in state ownership and are treated as extinguished deposits [priravnivayutsya k pogashennym zapasam]. It is important that the bill for the first time in legislative practice specifies in detail procedures for licensing the use of subsoil resources with the aim of prospecting, surveying, and extracting oil (gas).

Federation Council Rejects 14th Army Law

MM1307105795 Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 First Edition p 5

[Unattributed report: "At the Federation Council"; date not given]

[FBIS Translated Text] The Federation Council has submitted to the State Duma a draft federal law "On the Russian Federation's Right to Ownership of Cultural Assets Displaced as a Result of World War II."

The Federation Council rejected the federal law adopted by the State Duma "On Ensuring Security in the Basing Area of the Russian Federation Armed Forces 14th Guards Combined Arms Army."

The Federation Council asked the State Duma to expedite the adoption of the Russian Federation Code on Fishing and Aquaculture. At the same time the Russian Federation Government was asked to ratify the "Fish" federal targeted program for the development of fisheries in 1996-2000; to consider questions of setting up a Russian Federation Ministry of Fisheries on the basis of the Russian Federation Committee for Fisheries and of providing state support for fishing enterprises in terms of subsidies, taxation, credit provision, and customs duties.

Regional Affairs

Further Reportage on Chechen Peace Talks

Pro-, Anti-Dudayev Groups Clash

AU1307162395 Paris AFP in English 1556 GMT 13 Jul 95

[By Peter Graff]

[FBIS Transcribed Excerpt] Groznyy, Russia, July 13 (AFP) — Russian and Chechen negotiators Thursday [13 July] broke off peace talks here for a day after failing to resolve political issues that are blocking an agreement.

Scuffles later broke out when rival Chechen factions held demonstrations near the mission of the Organisation for Security and Cooperation in Europe (OSCE), which is mediating in the talks. [passage omitted]

Apart from the Russians and separatists, the Moscow-installed administration in Chechnya is also participating in the talks, which have been going on since last month.

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Between 15,000 and 30,000 people have died, according to various estimates, since Russian troops marched into Chechnya on December 11 to quell a three-year secessionist movement.

Some 100 opponents of Chechen separatist leader Dzhokhar Dudayev went to the OSCE mission Thursday and shouted abuse at the pro-Dudayev fighters posted outside the building, before clashing with the 200-strong pro-Dudayev crowd that demonstrates there every day.

Police intervened to separate the demonstrators when scuffles broke out.

Dudayev's supporters tore up a banner belonging to the rival demonstrators, who later simply retreated. Nobody was seriously hurt in the clash.

Later about 300 opponents of Dudayev demonstrated in the centre of Grozny.

Salambek Khadzhiyev, head of the Moscow-installed administration in the Chechen capital, accused Dudayev's followers of ignoring the facts.

"Realistically power depends on us... We control 90 percent of the territory," he told AFP.

A number of local residents echoed his views, accusing the separatists of intransigence at the peace talks.

"Dudayev lost the war and now he wants to negotiate, as though he won it," said Nina Bagayeva, 31, a schoolteacher.

"They have already destroyed the city. Why can't we get on with our lives?" she added.

The sides have so far failed to agree on the future political status of Chechnya.

Khadzhiyev's plan allows for the possibility that the Russian constitution will be in effect in Chechnya until the elections planned for November.

Akhmed Budayev, a supporter of Dudayev, labelled the Khadzhiyev administration as "worse than the Russians."

"They have sold their motherland," he said.

The rival Chechen factions also disagreed over who to blame for a massacre of seven people in one family in a Groznyy suburb Friday. The last victim died Thursday in hospital.

Khadzhiyev said the massacre may have been carried out by Dudayev loyalists to torpedo the peace talks, although he allowed it also may have been the work of ordinary bandits or Russian troops.

Khadzhiyev said his government had arrested "several dozen" Russian soldiers in recent weeks.

However, he said the situation was now much better than during the fighting, when there was widespread looting.

"It's really just like in Moscow except here we have weapons on every street corner."

Khadzhiyev said the only way to guarantee security would be to finish the peace process so that the Russian army withdrew and local authorities could function properly.

"When we form our police force we will take people from all factions provided they are committed to law and order," he said. [passage omitted]

Chechnya's Status Stumbling Block

MM1407101795 Moscow IZVESTIYA in Russian 14 Jul 95 pp 1-2

[By Igor Rotar: "Even After a Rest the Delegations Have Little Chance of Progress in Chechnya Talks"]

[FBIS Translated Text] Groznyy — The talks between the Russian and Dudayev delegations are on the verge of breakdown. On 13 July the meeting went on until five in the morning, although, as Dudayev delegation head Usman Imayev told journalists, the sides will still unable to find points of contact. The weary members of both delegations decided to rest for a day. The talks will resume at 1400 hours 14 July.

As IZVESTIYA wrote before, the question of Chechnya's status is the stumbling block.

At the moment there are three different proposals on the status of the Chechen Republic. The Dudayev delegation is adamant on one point — until elections are held Chechnya must retain its legal status, that is, independence. Russian delegation members assure us that the representatives of the rebel president are inclined to compromise after the elections, but until the new parliament is elected the retention of the present legal status is a matter of principle.

"They believe that to relinquish independence today means publicly admitting defeat," I was told by a member of the Russian delegation, who wished to remain anonymous.

Alas, the Russian delegation has similar problems. "We cannot accept the Dudayev formula for the current legal status. We have repeatedly said that we regard the authorities that have existed since 1991 as illegitimate," Mikhail Krasnov, the president's assistant for judicial

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matters, told me. According to Moscow's representatives, until elections are held it is altogether pointless to talk about the status of the Chechen Republic.

Finally, the delegation of the republic's current government also has its own viewpoint. The Committee of National Accord has prepared its own draft version of the status of Chechnya. According to this draft, "Chechnya is a sovereign republic the future status of which will be determined after elections on the basis of the Russian and a new Chechen constitution."

"This version is in principle close to the Russian delegation's position, but we cannot accept the wording 'Chechnya is a sovereign republic'," Mikhail Krasnov reckons.

It is perfectly obvious that this draft does not suit the Dudayevites either. The phrase "on the basis of the Russian Constitution" is bound to give rise to objections from supporters of Chechen independence. Even if the new parliament declares independence too, the supremacy of Russian laws over local laws leaves the Chechen advocates of a "strong state" no chances. In this sense the new Chechen authorities' version is even tougher than the Russian version. Naturally, the Dudayev delegation simply cannot effectively consent to the inclusion of Chechnya in the Russian Federation immediately after elections.

It appears that the meeting participants have finally gotten tangled up in legal casuistry and are no longer confident that a swift compromise can be reached.

"We will sit here for as long as it takes and we will not go back to Moscow until we have signed the final communique," a tired Vyacheslav Mikhaylov told journalists.

There is a crowd of Dudayev's gunmen outside the OSCE [Organization for Security and Cooperation in Europe] building. We learned from them that Sh. Basayev is now in the Nozhay-Yurtovskiy Rayon of Chechnya and is boss of the territory he controls.

Field commanders assured me that in any detachment the commanders of the reconnaissance and sabotage battalion would treat him as a VIP.

Contract Troops Blamed for Pillage

MM1407090495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 14 Jul 95 p 2

[By Vladimir Yanchenkov: "Chechnya: When Will the Troubled Night End?"]

[FBIS Translated Text] Groznyy — It was a sleepless night in the OSCE residence during the night of 12-13 July. The talks participants stayed wide awake, polishing each sentence in the texts of the treaty documents.

It was also a troubled night for the staff of the Territorial Administration of the federal organs of executive power in the Chechen Republic. For 40 minutes the building came under intensive fire from assault rifles and heavy-caliber machine guns. Chechen police subunits guarding the approaches to the building joined battle. Three grenades exploded beneath the windows of the press center.

Journalists accredited in Groznyy did not flinch. For them, such events have become a common phenomenon.

Meanwhile, for the first time during the military conflict, the Chechen Republic's "Vaynakh" television news program was broadcast. Addressing viewers, Salambek Khadzhiyev, chairman of the Government of National Revival, gave high marks to the negotiating efforts of the Russian Federation Government delegation, which is striving to ensure peace on Chechen soil as quickly as possible. At the same time he once again voiced regret that the Russian side was negotiating on equal terms with people representing a criminal, illegal regime.

Touching on the recent tragedy that occurred in the village of Prigorodnyy 7 July, when unknown persons wiped out an entire family of eight people, the Chechen head of government emphasized that this barbarous action was planned by someone and carried out for the purpose of wrecking the talks. That cruel order might have been carried out either by Dzhokhar Dudayev's supporters, who have long wallowed in violence and crime, or by so-called "contractniks" of the federal forces.

Salambek Khadzhiyev made public a document according to which the Government of National Revival is demanding that the Russian Federation Government withdraw from Chechnya units manned by people serving under contract, because they are the ones who have been linked with the instances of looting and of rustling and shooting livestock belonging to the civilian population — instances that have recently become more frequent.

A short break in the talks was announced 13 July. They will resume 14 July.

There has been a disapproving reaction in Groznyy to the State Duma's decision to send a deputies' commission to Chechnya to study the situation that has taken shape in the republic. Officials and ordinary people believe that such cavalry charges can only hinder the difficult process of the talks, which are being conducted by competent people with a good knowledge of the state of affairs. It is on them that Chechens pin their hopes of a quick and lasting peace.

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The talks will continue in Groznyy 14 July.

Volskiy Criticizes Talks Opponents

LD1307141995 Moscow ITAR-TASS World Service in Russian 1324 GMT 13 Jul 95

[By Sharip Asuyev]

[FBIS Translated Text] Groznyy, 13 Jul (ITAR-TASS) — "I am very pleased with the results," said Arkadiy Volskiy, a member of the Russian delegation, assessing the progress and the accords reached so far at the Chechen peace talks.

In his opinion, the talks could "end in a day or two." Arkadiy Volskiy told journalists in an interview today: "We do not have any third way out. There are two ways out — either war or peace. Those who call for war today are simply criminals as far as both the Russian and the Chechen peoples are concerned. One should send such people to meet the mothers whose soldier-sons were killed. The only request to such people is: either think better of it or at least do not interfere."

In this respect he mentioned the federal law on temporary measures for regulating the political crisis in the Chechen republic adopted by the State Duma last Wednesday. "We have been thinking for the whole day about how to react to this law. It says: To withdraw military units. I do not know who can write such things. The units should be disarmed first, to this effect. One must think first [before writing]," Arkadiy Volskiy said.

Volskiy Comments on Peace Talks

MK1307114295 Moscow OBSHCHAYA GAZETA in Russian No. 28, 13-19 Jul (Signed to press 12 Jul 95) p 9

[Interview with Arkadiy Volskiy by Yelena Dikun under the "Destiny and Career" rubric: "Volskiy Is Being Drawn Where It Is Hot"]

[FBIS Translated Excerpt] The Russian delegation at the talks in Groznyy is led by Arkadiy Volskiy. Furthermore, unlike the other members of the delegation, Volskiy does not represent any official structure. Nevertheless, journalists rush to him first to ask all sorts of questions on the talks. A widely held view is that Volskiy is always representative of something regardless of his mandate.

[Dikun] The Russian delegation at the talks was formed by the prime minister in a hurry. Why should Chernomyrdin have thought about you all of a sudden? Are you in close contact with him?

[Volskiy] This is not because of some special relationship with the premier, but because I have been involved in Chechen problems for six months now. Back on 30 December, a day before the storming of Groznyy, the conciliation commission of the Public Chamber under the Russian Federation president, of which I am a member, elected me chairman of the working group on Chechnya. I started to work honestly in this position; we were trying to do all we could to help the refugees somehow. Then, on 10 January, Chernomyrdin included me in the government delegation for Chechnya. The press is writing today that the talks began as a result of the Basayev attack. They really started earlier — on 25 May, and they were initiated by our working group. It is simply that the talks are now continuing at a higher level.

[Dikun] Aleksandr Ivanovich, why did the president not receive your delegation when you came back to Moscow for consultations after the second round of talks? Can this mean that Boris Nikolayevich is deliberately distancing himself from the negotiating process?

[Volskiy] I am not sure the president has distanced himself. Early that morning, for a little over an hour, we reported to the premier the entire set of questions that our delegation faced. By 1100, Chernomyrdin rushed to Yeltsin bringing along all the notes, proposals, and draft decrees. Some circumstances must have prevented the president from meeting with us.

[Dikun] There is, however, still no official piece of paper signed by the president authorizing your delegation to represent the interests of the Russian Federation. After all, such an authorization is supposed to be issued by the head of state, not the prime minister.

[Volskiy] During the consultations following the second round, the government widened our powers, issuing another decree to this effect, but we really did not get such a written "blessing" from the president.

[Dikun] How tolerant are the heads of power structures of the Groznyy talks? Does the appearance of the edict on stationing Russian troops in Chechnya that produced a furor indicate that they are not interested in a peaceful settlement of the conflict?

[Volskiy] I was recently asked if I agree that there is a "party of war" in Moscow. I relied: "No, I don't agree, it seems to me that this is a party of fools." And I stand my ground. I think that these people do not know what they are doing. In my view, Grachev did not even really know what we had signed there although all the documents were put on his desk.

[Dikun] As we all know, various high-ranking officials are calling you in Groznyy and trying to explain how the talks ought to be conducted. Where are such directives coming from?

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[Volskiy] From different corridors: from Staraya Ploshchad, the Kremlin, the White House, and the Duma. It is civilians who intervene more frequently than military men.

[Dikun] You suggested to Dudayev that he leave the territory of Russia. Moscow does not appear to be interested in seeing Dudayev in the dock.

[Volskiy] Yes, we are interested. The real issue is how many lives would that cost. In my view, Dudayev does not control the war situation today, but there is no denying the fact that he is the banner of Chechen resistance. It is the Dudayev spirit [Dudayevshchina] rather than Dudayev that is more important. While this is, perhaps, hard to comprehend in Moscow, it is obvious in Chechnya, which is why we are talking about Dudayev's departure from Russia rather than about his capture. True enough, he simply has been until recently getting no invitations from any reputable countries. Everyone is turning away from him.

[Dikun] Has he now received such an invitation? From whom?

[Volskiy] I can only say that the place where the people who are inviting him are staying is France. I repeat, I have got this report from France. We may tell him this if we have a second meeting with Dudayev.

[Dikun] Don't you think that it serves no purpose for Moscow to rely on Usman Imayev's prestige? In fact, Chechnya is awash with rumors that Imayev is an FSB [Federal Security Service] agent....

[Volskiy] You know, an FSB agent is not the worst proposition. Think of Shtirlits [fictional Russian secret agent in war with Germany]. So, do not say that once someone is an FSB agent in an enemy country he is a negative character. This is absurd, or as they say, raving nonsense.

[Dikun] Are you sure the people Moscow gambles on will rule in Chechnya honestly justly, the way the center wants?

[Volskiy] I am not so sure. [passage omitted]

[Dikun] In which coalition are you in today?

[Volskiy] The Russian Union of Industrialists and Entrepreneurs [RUIE] is an ideology-free organization, it is not part of anything. There is the Russian United Industrial Party of which I am a member; it has formed a bloc with trade unions and Petrov's "Union of Realists." RUIE Chairman Shcherbakov has signed an accord with a number of small parties, and talks are in progress at the moment with Rybkin. I regard all these things calmly. [passage omitted]

[Dikun] Do you intend to run in the elections?

[Volskiy] If I run for the Duma at all, it will be in a one-candidate constituency — probably in Chechnya, if there are any elections there. If not, I will run in North Ossetia or Ingushetia, or in any other conflict spot. Incidentally, when the USSR Supreme Soviet was being formed (I was a Central Committee member then), Gorbachev rang me up to say: "We are putting you on the list of the CPSU Central Committee." There comes the plenum and they read out the list to make it appear that my candidature was put forward by some worker. I asked to strike my name off the list and joined the race in Nagorno-Karabakh.

[Dikun] Have you changed your opinion about Chernomyrdin since the time he gave his blessings to peace talks with Chechnya?

[Volskiy] I cannot change my opinion about Viktor Stepanovich because have known him for twenty-five years; I remember him since back when he was director of a plant in Orenburg. I repeat, I do not support the government's course but I do not think it would have been possible in that situation to find a premier who could have quickly rectified the mistakes made by "laboratory heads." Although, Viktor Stepanovich would have done well to listen more to other people's advice.

[Dikun] Does he seek your advice?

[Volskiy] He listens, but he does not always hear.

New MVD Chief Comments on Prospects in Chechnya

MK1407093095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 14 Jul 95 pp 1, 2

[Interview with Colonel General Anatoliy Kulikov, newly appointed minister of internal affairs, by Aleksey Overchuk and Aleksandr Kolpakovin; in Groznyy, date not given: "A Personal Doctor for Chechnya" — first paragraph is introduction]

[FBIS Translated Text] It proved not so difficult to talk with Colonel General Anatoliy Kulikov, Ph.D. The newly appointed minister of internal affairs immediately responded to a request by MOSKOVSKIY KOMSOMOLETS journalists for an interview.

[MOSKOVSKIY KOMSOMOLETS] To take the bull by the horns: How are the negotiations in Chechnya progressing?

[Kulikov] The negotiations are slowly moving forward. On the whole, the course by our leadership, which has banked on negotiations, is correct. Some media outlets

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are absolutely wrong in believing that the negotiations were prompted by the terrorist act in Budennovsk.

[MOSKOVSKIY KOMSOMOLETS] Anatoliy Sergeyevich, nonetheless the majority of people are convinced that without Basayev the negotiations would not have gotten under way....

[Kulikov] Well, before Budennovsk I met with Maskhadov on instructions from the country's leadership. Incidentally, he has shown initiative on more than just one occasion because, like nobody else, he is aware of the detrimental effects of this war.

[MOSKOVSKIY KOMSOMOLETS] How did he get in touch with you?

[Kulikov] He sent proposals in writing to the federal forces command. This was, if I remember right, 1-2 June. Of course, we weighed everything carefully and the meeting took place. In other words, we prepared the current negotiations, and the act of terrorism by Basayev is not at all a starting point of peace initiatives.

[MOSKOVSKIY KOMSOMOLETS] Then the search for agreement began in June, when the gunmen's resistance was mainly broken?

[Kulikov] No, much earlier. I did not plan to go into details, but we tried to reach agreement way back on 13, 15, and 17 February. At the time the same proposals were advanced as now. I mean the military set of issues. The main task is to bring everything to normalcy within one and a half to two months. That is to say, to leave only official units and small militia detachments, mostly in rural areas. The rest are to surrender their weapons and then, after they are proof-fired and a shell-case library is formed, these weapons are to be disassembled.

[MOSKOVSKIY KOMSOMOLETS] A Chechen giving up his weapons voluntarily? Maybe only for a hefty compensation....

[Kulikov] To be sure, this is not an easy question; we understand that all weapons will not be surrendered at once, that part of them will have to be bought out....

[MOSKOVSKIY KOMSOMOLETS] At what price?

[Kulikov] Not more than 300,000 rubles for an automatic rifle. We cannot afford to pay more.

[MOSKOVSKIY KOMSOMOLETS] Anatoliy Sergeyevich, these are military matters. What about politics?

[Kulikov] The gist of the political set of issues is that an option is needed whereby all Chechen leaders of various orientations would resign and start forming the structure of the representative and executive branches from scratch. For this to happen, elections must be held. But for disarmament to be guaranteed and preparations for the elections to be monitored, this time it is proposed to send to the area representatives of the president who would have control of all federal forces structures. And when this agreement is signed and economic problems settled, the final move will be a presidential edict confirming this agreement.

[MOSKOVSKIY KOMSOMOLETS] After this, presumably, the main difficulties will begin.

[Kulikov] No doubt, because the agreement will begin to be implemented not on paper but in reality. Tremendous efforts will be needed on the part of federal and local structures as well as information and explanation work. The point is that before this option is reached, it is necessary to put in place transitional bodies — an administrative committee — which would make sure that things run their normal course in the republic, with representatives of all groups joining it on a quota basis.

The most terrible thing now is that if we do not find a way to peace in the next few months, the Chechens could be doomed to starvation. Because if the sovereignty claim is pressed, the people of Russia can, regardless of the power bodies, rise and close off all roads leading to Chechnya. Then not a kilo of sugar will get in here.

[MOSKOVSKIY KOMSOMOLETS] Would it not be better in this event to press the war home [dozhat voynu] and only then negotiate?

[Kulikov] The thing is that the war has been brought home: After all, it was they who asked us for negotiations. Dudayev in effect no longer has an army. The command and control system is disrupted; only isolated groups have remained, and if the negotiations are stopped now and if the war is pressed further, as you suggest, then there will nobody to come to terms with: Nobody will be able to control the activity of the remaining gunmen. Today at least part of the Dudayev forces are manageable and, remember, Maskhadov enjoys great authority with them. At the end of the negotiations he will also say his word. And only then will the delegation go to the villages to explain the signed agreement. Now imagine that the negotiations have collapsed. The war has resumed, and there is no clear-cut frontline. Then acts of subversion will begin, using elements of guerrilla warfare. The war will take on a protracted character and, I assure you, nobody will benefit. If the negotiations fail, however, we are ready to continue the war to the end.

[MOSKOVSKIY KOMSOMOLETS] Rumors are circulating among journalists that Basayev has spent the past 10 days in Russia, healing his wounds in a clinic.

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[Kulikov] You know, there are many rumors and gossip around today. I have never believed them. I suppose that Basayev is on the territory of Chechnya.

[MOSKOVSKIY KOMSOMOLETS] But several journalists have easily managed to meet him.

[Kulikov] You realize, of course, that journalists are one thing and Internal Affairs Ministry officers quite another....

[MOSKOVSKIY KOMSOMOLETS] I am afraid that you will not have an easy time because in Chechnya Basayev is considered to be a national hero....

[Kulikov] Basayev is a rogue, a bandit, and he is such to everybody. Including to the Chechens. Indeed, a hero's welcome was being prepared for him when he wanted to go from Mozdok across the whole of Chechnya, via Groznyy, Shali, and Vedeno. But we did not give him such an opportunity and sent him where we wanted to. Having arrived in Vedeno, first thing he jumped out of the bus into the dark, slipped into a car, and disappeared at high speed. There's a hero for you. A bunch of people who regard him as a hero is not as yet the entire Chechen people. Therefore the capture of Shamil Basayev will not arouse nationwide anger in Chechnya.

[MOSKOVSKIY KOMSOMOLETS] Anatoliy Sergeyevich, did you expect that after Yerin's dismissal you would be appointed to the post of minister, and how did you take this appointment?

[Kulikov] No, I did not even think about this. Especially considering that it is such a heavy liability, such a burden of responsibility.... But when I spoke with the country's leadership, I understood that I could not refuse.

Dudayev Opponents Urge Court Martials in Chechnya

LD1307185495 Moscow ITAR-TASS in English 1747 GMT 13 Jul 95

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY, 13 Jul (ITAR-TASS) — Participants in an anti-Dudayev meeting in Chechen capital Groznyy urged to set up court martials in Chechnya and ensure full control over all armed formations in the republic.

The meeting participants released a statement urging the Moscow-backed Government of National Revival and the Committee for National Consent to negotiate with specific field commanders and not with "ideologues of Dzhokhar Dudayev's regime". Also, they called on the population to hold free elections in the republic and decide Chechnya's future through the people's vote at a nationwide referendum.

The statement demanded that the federal troops command in Chechnya withdraw check-points and commandant's offices from towns and villages and impose a ban on unorganised military traffic.

Groznyy mayor Bislan Gantemirov, one of the most influential Chechen political figures in anti-Dudayev opposition, accused Russia of siding with separatists and "a bid to impose a puppet government in Chechnya".

Gantemirov said at the meeting that the current peace talks are aimed at "the reanimation of Dudayev's regime" and that in no way he would ever recognise results of negotiations between Moscow and separatist leaders.

According to his estimates, Dudayev's troops enlisted not more than 300 militants and practically ceased to exist as a united force.

Gantemirov, 32, used to be one of Dudayev's most close associates from 1991-1993. In 1993, he defected to anti-Dudayev opposition and headed it together with Umar Avturkhanov.

Twenty Members of Basayev's 'Gang' Identified

LD1407105995 Moscow ITAR-TASS in English 1047 GMT 14 Jul 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] BUDENNOVSK, STAVROPOL REGION July 14 (ITAR-TASS) — The names of 20 members of Shamil Basayev's gang, which committed an atrocious crime a month ago, have been established, and their arrest has been sanctioned, Sergey Gamayunov, Public Prosecutor of the Budenovsk inter-regional public prosecutor's office, told TASS. The names of another ten gangsters can be established with the help of their distinctive marks and nicknames.

A total of 120 gangsters took part in the raid, Gamayunov said. It was established with the help of an investigation experiment that they could be squeezed into three KAMAZ trucks, mentioned in the investigation materials.

Sooner or later, the names of all members of the gangs will be established, and none of them will escape punishment, Gamayunov assured TASS.

Anatoliy Iskantsev, head of the investigation team of the Prosecutor-General's Office of the Russian Federation, which continues to work in Budennovsk, told representatives of mass media organs of the Stavropol Region,

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that preliminary reports, saying that far more gangsters had taken part in the raid — about 160 — might be confirmed in the course of the investigation.

He stressed that the investigators knew the route by which the gangsters had come to the city, as well all the check point which they had passed.

Extortions do take place at check points in that area, and I personally witnessed it, Iskantsev continued. He did not say, however, whether or not the investigation group, headed by him, had managed to get direct, and not indirect evidence proving Shamil Basayev's repeated statements, that he and his gang had managed to pass by all the check points after bribing the sentries.

According to Iskantsev, some Budennovsk residents, who fell victime of the raid of Basayev's gangsters, still avoid meeting investigating officers and giving evidence, thus making it more difficult the detailed investigation of the Budennovsk tragedy.

Groznyy Mayor Calls Dudayev 'Broken Man'

LD1307202295 Moscow ITAR-TASS in English 1951 GMT 13 Jul 95

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY, 13 Jul (ITAR-TASS) — A major Chechen opponent of Dzhokhar Dudayev said on Thursday that Dudayev was powerless and a broken man and that Dudayev's military doctrine failed.

"Dzhokhar Dudayev is crushed. He has no political or physical strength to participate in talks with the Russian side," Groznyy mayor Bislan Gantemirov who led the armed opposition to Dudayev for the last two years told ITAR-TASS.

In his words, federal troops forced Dudayev's combat formations to retreat to the local mountains causing them to breakup into separate groups of not more that 250-300 men in total. They practically ceased to exist as a united force, Gantemirov said.

Dudayev's military doctrine has proved its insolvency and failed, Gantemirov, a former field commander, stated.

For all this, Gantemirov accused Russia of siding with separatists and of "a bid to impose a puppet government in Chechnya". He said that the current peace talks were aimed at "the reanimation of Dudayev's regime" and in no way would he ever recognise the results of negotiations between Moscow and the separatist leaders.

Holding talks on Chechnya's peace settlement without heeding those "who have for two years opposed Dudayev's regime with arms in hands" is inadmissible, Gantemirov stressed. He firmly stated that he would never execute provisions of the final document.

"The Russian Federation will have to start negotiations anew, this time with us," he resumed.

Gantemirov said that he had on hand some 5,000 of well-equipped supporters, mainly Chechen war veterans. All of them have a "broad experience of bayonet fighting and subversive activities," he said adding, however, that since the federal forces came to Chechnya, "no one of his men ever joined either the federal troops or Dudayev's formations."

"I do not threaten anybody but merely warn all against the use of force," Gantemirov said.

Gantemirov, 32, used to be one of Dudayev's most close associates from 1991-1993. In 1993, he defected to the anti-Dudayev opposition and led it together with Umar Avturkhanov.

In 1994, Gantemirov was appointed chief military commander of the so-called provisional Council of Chechnya, and in January 1995, became vice-premier of the Moscow-backed Government of National Revival.

Officials Discuss Restoration of Chechen Oil Wells

LD1307165695 Moscow INTERFAX in English 1455 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, 13 Jul (INTERFAX) — As a result of restoration work, 24 oil wells have been recommissioned in Chechnya, and in July another 18 oil wells will resume operating. This statement was made Thursday at the meeting of the state commission for restoring Chechnya's economy by First Deputy Chairman of the State Commission Petr Surov. The commission's meeting was chaired by Russian Prime Minister Viktor Chernomyrdin.

According to Surov, before the end of the year it is planned that 56 oil wells will be restored. Oil refineries will be recommissioned in August, and it is expected that within the next year it will be possible to have the oil processing volumes reach the level of 2.5 million tonnes a year.

Surov said that by the end of 1996 builders will fully restore the center of Groznyy, which was ruined during the fighting. A total of 155,000 square meters of housing in multi-storey apartment blocks have been built in Groznyy. As many as five hospitals, 18 clinics and 11 first aid medical teams have resumed work in Groznyy.

He said that the railway station had been fully restored in the Chechen capital, and trains resumed movement

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almost along the entire territory of the republic. Aircraft resumed regular flights from Groznyy to Mineralnyye Vody, Rostov-on-Don and Moscow.

As many as 73,00 hectares of land have been sown in Chechnya, said Surov.

Now the Russian Agriculture Ministry is helping with preparations for the harvesting campaign.

Workers Restore Fuel, Power Facilities in Chechnya

LD1407104295 Moscow ITAR-TASS in English 1023 GMT 14 Jul 95

[FBIS Transcribed Text] MOSCOW, 14 July (ITAR-TASS) — Experts of the Russian Power Supplies Ministry in Chechnya continue work on the restoration of the republic's fuel and power sector.

The ministry repair teams have restored 706 kilometres of power transmission lines and 28 substations. The centre of the Chechen capital Groznyy, administrative buildings, including those of the Russian Defence Ministry, the airport and oil-processing plants have been provided with electricity.

The repairmen promise to restore all the three thermoelectric power stations in Groznyy by the autumn.

Oilfields which were temporary closed during the combat operations are being gradually put into operation.

Chechnya has produced 67 thousand tons of oil and 904 million cubic metres of gas have been imported from other regions of Russia, according to the Infotek information and analysis agency.

UN Sends Aid for Chechen Refugees in Dagestan

LD1307215095 Moscow ITAR-TASS World Service in Russian 1631 GMT 13 Jul 95

[By Gadzhi Shamov]

[FBIS Translated Text] Makhachkala, 13 Jul (ITAR-TASS) — A plane carrying a humanitarian aid consignment from the United Nations for Chechen refugees and local residents today landed at Makhachkala airport. It brought about 15 tonnes of medicines and medical equipment, mainly medicines and instruments for treatment of tuberculosis patients.

A need for this aid was noted by WHO representatives who in spring visited Dagestan and inspected hospitals and surgeries. Following their report, the directorate under the UN High Commissioner for Refugees has sent the aircraft with the humanitarian aid consignment.

Ministry Reports Attacks on Chechen Positions

LD1307164495 Moscow INTERFAX in English 1455 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, 13 Jul (INTERFAX) — Illegal militias continue provocational shelling of Russian positions, an officer on duty in the Russian Defense Ministry's information office told INTERFAX.

He said that Dudayev's fighters use small arms and mortars to attack federal positions. The Chechen officials explain the numerous violations of the moratorium on hostilities by saying that not all units are controlled by the Chechen command, he added.

The officer said that Russian positions in Chechnya came under fire on three occasions yesterday, with three Defense Ministry servicemen being wounded and two receiving concussions.

According to a source in the command of the joint army group in Chechnya, out of the three federal servicemen killed yesterday only one served in a Defense Ministry unit.

Chechen Conflict Cost Over R2 Trillion Since Jan

LD1307164995 Moscow INTERFAX in English 1455 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, 13 Jul (INTERFAX) - Russia's total spending on the military campaign and postwar reconstruction in Chechnya ran up to 2.5 trillion rubles in the six months to July, First Deputy Finance Minister Vladimir Petrov told a meeting by the State Duma budget committee on Thursday.

He said some 900 billion rubles were spent by the so-called "power ministries", with the cost of postwar reconstruction running at 1.6 trillion rubles.

The government has asked the Duma to allow it to sequestrate, if necessary, the unprotected articles of the federal budget to be able to raise minimal pay and cover the cost of priority expenditures on "eliminating the consequences of the armed conflict in the Chechen republic."

However, the budget committee voted unanimously to recommend the parliament reject the government proposal and to recommend the Cabinet bring in bills to make whatever changes are needed to this year's budget.

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Impact of Stavropol Governor Removal Noted

954F2770A Moscow LITERATURNAYA GAZETA in Russian No. 27, 5 Jul 95 pp 1, 10

[By Lyudmila Leontyeva in Stavropol: "Is Governor Kuznetsov a Culprit or a Victim?"]

[FBIS Translated Text] Stavropol is protesting against the decision of the president to "shift" the blame for the Chechen conflict and the drama in Budennovsk onto the shoulders of the kray and its leader.

The decision of Boris Yeltsin to relieve Yevgeniy Kuznetsov of his position of governor of Stavropolskiy Kray in connection with the Budennovsk drama, which was a surprise to everyone, aroused protests in the kray. The State Duma of the kray quickly convened a special meeting last Saturday. In an appeal to President of the Russian Federation Boris Yeltsin the deputies, emphasizing that his edict was "perceived by the people ambiguously," stated that "tension was noted in the kray." The deputies requested a revision of the edict concerning Kuznetsov's removal, or the adoption of a decision on holding elections for governor of Stavropolskiy Kray in accordance with regulations.

Numerous and stormy Cossack rallies took place in Budennovsk Saturday and in Stavropol Sunday in support of the governor and with very severe criticism directed at the president and the prime minister, who "bear personal responsibility for the bloody conflict in the region."

Even opposition local newspapers that do not miss an opportunity to "sting" the governor came out with publications that are filled with sarcastic questions for the supreme authorities, who are "camouflaging their own guilt with the traditional Russian method and who have started to search for scapegoats on the territory of the province."

The last fact especially alarmed the local ruling elites who are close to Chechen territory, fearing that the Stavropol governor will not remain alone for long on the list of those who are to blame. Pressed against the mountains and surrounded on all sides, the Chechen "wolf"—the emblem of the Dudayev's Ichkeriya—was chased into a corner, and it has no other choice except new blood. And that is why the threat of the field commanders of Chechnya to repeat Basayev's diversionary raid, alas, is real.

The reaction of public opinion and the people of the kray to the dismissal of the governor, rare in its unanimity, signifies if not a revolt, then "the first call to the center." The Stavropol region reared up against the attempt of the president to punish the kray for stoical long-suffering, for those efforts that helped to save interethnic peace and calm in the kray in all four years of the rule of the criminal regime in Chechnya, to avoid the excesses of the highlanders and the Cossacks who were rushing with weapon in hand to protect the Russian-speaking population that was being cruelly squeezed out of the Caucasus. If Cossack outlaws, who were angered by the silence and impotence of the authorities to protect their citizens, had taken to the field, a civil war would be blazing in Russia today.

It is perfectly obvious: The sources of the Budennovsk tragedy are not in the kray and not even in Chechnya—its inevitability and scale were set by the close presidential circle of "power ministry leaders" who subtly caught the vibrations of the desires of the Kremlin strategists.

I recall well the arrival in the Stavropol region of Sergey Stepashin, the director of the FSB [Federal Security Service], shortly before the military operations and his meeting with the Cossacks, the kray administration, and journalists. After the meeting it became clear: The introduction of troops in Chechnya was not far off.

"What kind of information are you giving your chief so that he would stand on such a position," I said with bitterness to a familiar employee of the Stavropol administration of the FSB, when we came out of the hall. "Or are you also convinced of the need for a small, victorious war?"

"Exactly the opposite. Personally, I am convinced that the war will become a catastrophe for Russia," said the counterintelligence officer. "And our information corresponds to what is reality."

I was quite surprised when my interlocutor began warmly to persuade me to meet with Stepashin today, or to submit to him in writing my arguments against the use of force to untie the Chechen knot.

"You have been studying the Chechen problem for a long time, and you have powerful arguments," the employee of the most informed structure said, flattering me.

I refused, assuming reasonably that Mr. Stepashin and a swarm of assistants regularly read newspapers with these arguments. I also understood something else: It is most likely that information from the localities disturbed the chief of counterintelligence, because he clearly was not planning to go with his lance to head off the party of war.

At this meeting the Stavropol governor conducted himself far more courageously and officially, rebuffing a Cossack chief who was talking hysterically about

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the terrible Chechen humiliations of Cossacks, who allegedly ended up in slavery to them.

"We literally verify all such information and, as a rule, it turns out to be a gross lie, it agitates the people, and it provokes interethnic disturbances," said the governor. "Can you really not understand: One cannot yield to provocations and spread rumors, think about the consequences...."

....At the evening conference of the administrative apparatus of the kray and rayon in Budennovsk on the eve of the assault, sharing a categorical rejection with those assembled of even the thought of an assault, Kuznetsov told them of his conversation with Deputy Minister of the MVD [Ministry of Internal Affairs] Yegorov, who "scientifically" outlined in figures the possible result of such a battle. The figures on those killed, of both those in the assault and the hostages located in the hospital, would amount to 50 and 75 percent.

And within several hours Yegorov and those of his ilk started the slaughter. Having lost the gift of speech as a result of this preposterous news, the governor, who had flown to Stavropol on urgent business on that night, once again rushed to Budennovsk. From that moment, Kuznetsov began to come to the crowd, to the families of the dead and of the hostages, and to the frightened residents of the microrayons that were left on those days without any protection. People were in a state of stupor from the uncertainty and from the absence of information. Kuznetsov tried to fill this gap as much as possible. No one else ventured to do this: neither his deputies nor the members of the emergency headquarters....

The Stavropol region is languishing over the question: "But what, nevertheless, is the governor charged with specifically?" The reason for the dismissal is designated by Article 254, part I of Code of Laws on Labor of the Russian Federation: "For repeated gross violations of official duties." The wording, which presumes an absolutely specific defect, literally says nothing in this case. Of course, it is not difficult to surmise what the supreme authorities were trying to say with this: Basayev entered the kray like a knife going through butter.... But is the governor to blame for this?

The temptation of the federal authorities on the eve of the elections to save their own "face" while throwing the "head" of the province to the wolves looks to them, possibly, like a successful tactical move. But the figure of Kuznetsov is too small to become the suppressor of the all-Russian shock caused by the war in Chechnya and the events in Budennovsk. And for Stavropol, over which a wave of strained interethnic relations is now moving, this step has become extremely painful.

Prime Minister Chernomyrdin Arrives in Yakutia

LD1407085895 Moscow Radio Rossii Network in Russian 0800 GMT 14 Jul 95

[FBIS Translated Text] Prime Minister Viktor Chernomyrdin today arrived on a visit to Yakutia. Our correspondent Aleksandr Struchkov has the details:

[Struchkov, from Yakutsk] Viktor Chernomyrdin began his visit to the Republic Sakha from a trip to the town of Udachnyy. In the morning of 14 July at the airport of this diamond-extracting town, Mikhail Nikolayev, the president of the Republic of Sakha-Yakutia, and managers of the joint stock company Diamonds of Russia and Sakha met Viktor Chernomyrdin. Chernomyrdin and Nikolayev, together with their escort, familiarized themselves with the Udachnyy quarry and visited Factory Number 12 of the ore-dressing combine Udachnyy. Workers at the factory showed the prime minister the work of the crushing workshop and the final stage of the technological process of extracting Yakutian diamonds. After that, later in the day, Chernomyrdin and Nikolayev flew out to the capital of the republic, the town of Yakutsk. Chernomyrdin began to familiarize himself with the town from a visit to the Yakutsk hydropower station and the river port. In the afternoon today, he is to meet the government of Yakutia and managers of the leading enterprises.

Tomorrow, on 15 July, Chernomyrdin will attend the ceremony of the 40th anniversary of the diamond-extracting industry and the town of Mirnyy. In the evening of the same day, Chernomyrdin will fly back to Moscow.

Tatarstan Concludes Contracts With Iraq

LD1407082495 Moscow Russian Television Network in Russian 0400 GMT 14 Jul 95

[A. Frolov video report; from the "Vesti" newscast]

[FBIS Translated Text] Tatarstan has begun to make its way into the Iraqi market without waiting for the United Nations Organization's embargo to be lifted. The amount of oil already prospected in Iraq on its own comprises 150 billion tonnes; and Tatarstan has a large oil-refining industry. So the mutual interest is obvious.

A government delegation that arrived in Iraq has, under monitoring from UN experts, already concluded a number of trial contracts to supply tires for agricultural vehicles, medical equipment, and apparatus as well as children's foodstuffs. A new exchange of delegations is planned for the near future, as is the signing of

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other, larger contracts. [Video shows oil fields and oil-extracting equipment; captioned "Kazan, 13 July]

Siberians, Muscovites Meet on Economic Stability

954F2763A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 11 Jul 95 p 1

[By Bogdan Bogdanov: "Political Information Officers From the Capital"]

[FBIS Translated Text] A group of workers of the Russian Government visited Irkutsk last week. The guests from the capital conducted a two-day seminar-conference in the oblast administration building for representatives from various branches of authority and managers of information and press services.

A majority of the Moscow speakers tried to convince the Siberians that the government is not dawdling, that it is persistently seeking ways to stabilize the economy (although it is at times tripped up either by Duma deputies or by obstinate regions), and that some successes have already been achieved on this path. In particular, Ye. Basin, the minister of construction of Russia, noted that a turning point occurred this year in this important sector, and the main thing is that the slump in housing construction has been overcome. I. Terentyev, a representative of the department of the agro-industrial complex and the consumer market of the apparatus of the Government of Russia, recounted the prospects for the harvest, analyzed the reasons for the reduction in the production of agricultural products (in the period 1991-1994 the village, in his words, reduced gross output by 25 percent; in many branches of industry the drop in volumes was much more), and noted the active assistance of the government to the village.

V. Novoselskiy, a representative of the economics department of the apparatus of the Government of the Russian Federation; B. Radyuk, deputy chief of the department of investments and construction; and Yu. Dulshchikov, chief of a department of the Ministry of National Affairs and Regional Policy, tossed out interesting food for thought to the residents of Irkutsk for subsequent analysis. The last individual, in particular, let it be known that the government is concerned about the fact that in the formation of market relations the Federation and the regions are out of step. The regions frequently lag behind on this path, and local self-government generally falls behind seriously.

Incidentally, others were criticized at the conference, not us. All of the speakers noted that, according to absolute indices, Irkutsk Oblast looks the best of all in Eastern Siberia. The volume of industrial production in the Angara River area in 1995, according to the forecasts of specialists, will exceed the level of 1994 by 1 percent. On the other hand, in neighboring Krasnoyarskiy Kray, a drop of 5 percent is expected, in Khakassia—13 percent, and in Buryatia—as much as 19 percent.

But on the whole, the seminar came off as good political information. Any listener who was not well informed on the situation could have learned something new. But a person who had a grounding in one or another subject could have easily debated with the Muscovites. Of course, practically no such people could be found in the half-empty hall, especially on the second day.

Businessmen's Party Affiliate in Nalchik

954F2744A Nalchik GAZETA YUGA in Russian 7 Jul 95 p 1

[Report by Zarema Khadartseva, under the rubric "Upcoming Elections": "Mr. Mavrodi Opens His Party's Branch in Nalchik"]

[FBIS Translated Text] Following the trail of the Liberal-Democratic Foundation's leader, Boris Fedorov (GAZETA YUGA, No. 16), Sergey Mavrodi, chairman of the People's Capital Party [PNK] is entering the competition for the votes of the KBR [Kabardino-Balkar Republic] electorate. We did not have MMM branches, but the documents to open PNK's Nalchik branch have been filed with the Ministry of Justice. Mr. Mavrodi sent a letter to the KBR minister of justice, asking that the process be speeded up.

The PNK branch is headed by Dmitriy Lazarev. In an interview to GAZETA YUGA, he said that on his visits to Moscow on commercial business, he first bought MMM shares and then became member of the society for the protection of MMM stockholders' rights, and then the society "gradually transformed itself into the People's Capital Party." According to Dmitriy Lazarev, he himself has not yet received dividends on his MMM stock, but he does not abandon hope. Besides, MMM currently pays him a salary as the head of a PNK branch.

The branch currently has 20 members. However, despite the fact that Mr. Mavrodi is rather unpopular here, Dmitriy Lazarev is counting on the number of his supporters to grow. After official registration at the Ministry of Justice, he intends to launch an extensive propaganda campaign, the purpose of which is to explain that Sergey Mavrodi is not a crook but, on the contrary, a victim of intrigues.

"The People's Capital Party is not a party of just Sergey Mavrodi. It is a party of all businessmen. In Kabardino-Balkaria, we also have a company built on the pyramid principle. We hope that we can be of use to it. Anyway, in the elections we are willing to support any candidates who possess good common sense, and in particular who

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understand that business cannot develop normally when the tax rate is 80 percent," remarked Dmitriy Lazarev.

Economic Issues

Government Discusses Privatizing State Companies

LD1307214795 Moscow ITAR-TASS World Service in Russian 1448 GMT 13 Jul 95

[By Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 13 Jul (ITAR-TASS) — A list of over 3,000 joint-stock companies producing strategic output and having limited rights to privatization was approved by the Russian Government today. This makes it possible to start a broad sale of shares of the enterprises, which still remain federal property.

Speaking at the session, Viktor Chernomyrdin stressed the slow pace of this process: six months had already passed but not a single item of the budget on privatization-generated revenue had been implemented. There is a need to examine all the problems of privatization in the near future, the head of government stressed.

First Deputy Prime Minister Anatoliy Chubays pointed out that this year's budget includes 9 trillion rubles [R] as revenue from selling off shares of state-owned enterprises. However, only R105 billion have been received by the budget over the first two quarters. According to Anatoliy Chubays, this means that science, the social sphere and other similar items of the budget are bound to be underfunded.

Sergey Belyayev, head of the State Committee for management of state property [goskomimushchestvo], told the government meeting that when drawing up the list of enterprises which manufacture strategic output and are to keep a considerable proportion of their shares as state property his department proceeded from the following criteria: these enterprises include joint-stock companies producing military hardware, ammunition, means of communications, and uniforms, extracting strategic minerals, maintaining communications, supplying the north, and operating as part of the Russian unified power grid.

According to the State Committee for state property's estimates, the real demand for the state block of shares of the enterprises to be floated is valued at about R19 trillion. Open auctions seem to be the only realistic way of selling blocks of state-owned shares, heads of the State Committee for state property believe.

Yasin's Appeal for Inward Investment Ridiculed

MM1307145095 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p ii

[By Yelena Fedorova: "Government Tempting Foreign Investors, But Does Not Trust Russian Capital"]

[FBIS Translated Text] At the latest session of the Consultative Council on Foreign Investment on 2 July 1995, Economy Minister Yevgeniy Yasin tried to persuade foreign investors not to be worried about the coming parliamentary and presidential elections and predicted an influx of $5-5.5 billion in foreign investment in 1996.

It is shameful that foreign investors are considered dumber than Russian ones. Why would foreign investors suddenly decide to put dollars into the Russian economy if they can see that, contrary to all government predictions, our domestic investors are prepared to spend on anything but capital investment — which fell by 20 percent in the first half of 1995?

A great deal has been said about the boom in foreign portfolio investment. This boom is a good thing, but portfolio investment is not the most reliable kind — it is easy come, easy go. Russia needs foreign investment not for the sake of having foreign capital in the country, but to revive production and ensure an economic upturn on this basis. Does anyone enquire where the hard currency obtained by enterprises from the sale of shares to foreign firms ends up? Direct investment is far more reliable in this sense — the long-term economic interests of foreign partners are to the fore in this instance. But there has only been slightly over $200 million (taking account of investment in rubles) in direct investment in the first quarter — a pathetic sum by world standards. And the $1-billion mark is unlikely to be exceeded in 1995 or 1996.

The new edition of the "Law on Foreign Investment in the Russian Federation" has been stuck in government and parliament for over a year now. Also bogged down are some other very important laws (the laws on free economic zones and on concessions, for instance). The government is only now, in the fourth year of economic reform and in the second year of the existence of the Consultative Council on Foreign Investment, examining the draft law "On Amendments and Additions to the Russian Federation Law 'On Customs Duties,'" which envisages exempting large foreign investors from customs duty on equipment and certain types of goods. The State Duma's approval of the law on the division of production [o razdele produktsii] is one of the few exceptions.

But the legislative side of the matter is not the most important aspect. Of course, it is marvelous to have

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good laws, but there is a great likelihood that they will be carried out just as badly as ever.

Political stability remains a most important condition for attracting foreign investment. It is only by stretching a point, for instance, that you could call China a friend of the leading Western countries. But the predictability of the political situation inside that country and the lack of any swings in economic policy are a magnet for foreign investment.

The recent parliament-government crisis in Russia ended with a temporary truce, but there is still a long way to go before we see real political stability. There are no guarantees that the State Duma will not be dissolved in the next crisis. There are no guarantees that the Communists will not be victorious in the coming parliamentary elections. Nor can victory be ruled out for nationalist, great-power [derzhavnyy] movements — the worst-case scenario for foreign investors.

The West will hardly have had time to mull over the results of the parliamentary elections before the presidential elections begin. Perhaps if the elections were the other way round, the West would be less worried, since Viktor Chernomyrdin currently has the best chance of all the potential presidential candidates. But a lot can change in a year. Since, under the Constitution, the foundations of power in Russia are concentrated in the executive, the president will long continue to be the embodiment of Russia's political and economic reforms as far as the West is concerned. Consequently, sensible Western investors prefer to wait and see rather than take a risk.

The government is currently demonstrating its successes in financial stabilization and in the renewed growth in industrial production. But one or two months are no indication. We need at least half a year of stable economic equilibrium, with complete predictability in the actions of the top echelons of power, for foreign investors to believe that the government is capable of controlling the economic situation in the country. Foreign investors will largely take their cue from Russian investors — if the Russian banks have really started investing in industry, if they believe in the long-term future of the government's economic policy and are not afraid of new sudden swings in policy, then there will be good reason for foreign capital to rush in also.

If the government really wants to considerably increase the inflow of foreign investment into the country, it should put every effort into attracting foreign investors. They will guarantee the successful attraction of foreign capital and safeguard the priorities for Russian capital.

World Bank Says Long-Term Credit Market Immature

MK1407051295 Moscow KOMMERSANT-DAILY in Russian 13 Jul 95 p 1

[Report by Finances Department: "The Investment Crisis Did Not Frighten the Congress Participants"]

[FBIS Translated Text] Yesterday the international banking conference "Russian Banks: Credit-Investment Policy" opened in Moscow, organized with the participation of the Adam Smith Institute. Approximately 200 representatives of Russian banks and international auditing and insurance companies are taking part in the conference, including BNP Dresdner Bank, Chase Manhattan Bank, and the Bank of New York.

The conference was opened by Leonid Grigoryev, adviser to the World Bank, who stressed that the investment crisis in Russia has not ended yet and that the most difficult time still lies ahead. According to Grigoryev, the "long-money" market in Russia has not yet been fully formed, while it is only possible to talk about financial stabilization in the country and large-scale credit projects in industrial sectors with an established long-term credit market. At the same time Grigoryev believes that the system of attracting savings whereby the population is the largest creditor, which is generally accepted in the whole world, does not exist in Russia. "Until the population has grown at least moderately rich, there will be no basis for serious credit schemes," Leonid Grigoryev thinks. In his estimation, the next financial boom will be related to the activity of insurance companies and pension funds which (just as with the entire non-banking sector) need special attention on the part of the government. The conference ends todays, and we shall report on its results in tomorrow's issue.

IMF Not To Freeze Stand-By Credit to Russia

LD1307210795 Moscow INTERFAX in English 1732 GMT 13 Jul 95

[FBIS Transcribed Text] MOSCOW, July 13 (FIA-INTERFAX) — The International Monetary Fund will not freeze the transfer of tranches from the stand-by credit to Russia, head of the IMF permanent mission in Moscow Thomas Wolf told INTERFAX Financial Information Agency in an exclusive interview today.

Regarding relations between the IMF and the Russian government, Wolf said he could describe them as "close and fruitful cooperation" within the scope of a joint search for solutions to the complicated problems faced by Russia's economy.

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Wolf cited as an example of such cooperation the active consultations between the IMF and the Russian government in early July on introducing the so-called "currency corridor" for the ruble's exchange rate. Wolf said the introduction of such a soft peg for the Russian ruble could have "a positive impact" on the Russian economy.

Wolf said an IMF mission, headed by head of the IMF East European Department, Yusuke Horiguchi, now visiting Moscow, was carrying out a monthly analysis of the implementation of the Russian government program on terms for giving Russia the stand-by credit. "It's yet too early to speak about the results of this mission's work. I think, however, that they will be satisfactory and Russia is very likely to receive the next, the fifth, tranche of the stand-by credit," Wolf said.

IMF experts are preparing for IMF Board of Directors monthly reports on the situation in the Russian economy, proceeding from which decisions on giving the next tranche of the credit, worth about $500 million each, are made. Wolf said the latest decision on the issue was made on July 6. Russia has received a total of about $2 billion since April. The stand-by credit of $6.25 billion was broken down into 12 tranches to be transferred to Russia over a year.

Economy Gains Stability Despite Lower Investment

LD1307182495 Moscow ITAR-TASS in English 1503 GMT 13 Jul 95

[By Vladimir Zadera]

[FBIS Transcribed Text] MOSCOW, July 13 (ITAR-TASS) — Despite lowering investment, Russia's economy is becoming more stable and predictable, chief economic expert at the Russian government Sergey Pavlenko said on Thursday. Pavlenko, chief of the government's Centre for Economic Reform, spoke before reporters on Thursday summing up Russian economic developments from January to June, 1995.

This is the most promising result of the past six months, which provides for the success of government stabilisation policy before the end of 1995 and in more distant future, Pavlenko said.

The expert said there were no grounds to expect that the International Monetary Fund (IMF) would refuse to give Russia another loan. The government strictly follows the terms which were set up by the IMF as to the amount of the budget deficit and domestic assets. Lowering inflation will allow to maintain the existing fixed rouble exchange rate band even after October 1, he said referring to a recent government move to impose fixed limits to the dollar-rouble rate fluctuations.

Analysts' worst expectations concerning the industrial decline have not come true. The downfall in machine-building, electronics, and aircraft-making (all sectors currently under conversion) was offset by the boost of production activity in the oil and gas, chemical, and timber industries and some sectors of machine-building.

The stable situation at the labour market was another positive result of the reported period. Unemployment did not change in any significant way, in contrast to the expected snowballing growth. There is a gradual, although slight increase in per capita income.

The only factor which evoked the biggest concern among experts was the lowering investment, including that by foreigners, in the Russian industry, compared with the first six months of 1994.

However, financial performance of enterprises is bettering, thus creating conditions for legislative motions in this field. The government plans to update the Russian bankruptcy law so that it could be applied to businesses delaying payments to employees for over two months. Under the Russian law, bankruptcy proceedings may be initiated by the government even if it is not a creditor.

Deputy Chairman Bogomolov Comments on Economy

AU1407142795 Prague RUDE PRAVO in Czech 11 Jul pp 1, 4

[Interview with Oleg Bogomolov, deputy chairman of the State Duma Foreign Committee and director of the Institute for International Economic and Political Research of the Russian Academy of Sciences by Vera Ivanovicova; place and date not given: "There Are No Signs in Russia of Us Being Over the Worst"]

[FBIS Translated Text] [Ivanovicova] You are one of the economic architects of Gorbachev's perestroyka. If you had known where it would lead, would you have done it again?

[Bogomolov] Of course. Today, it is obvious to all of us that the system we had then required a fundamental change — not an improvement but a really major transformation. While we may not even have realized it at first, we nevertheless reached this opinion, and we have not changed it. Unfortunately, the transformation was not properly thought out — not in the sense of final goals but rather in the sense of individual stages, the succession of the implementation of individual measures, and their content. Here, Gorbachev made major mistakes, and was perhaps even indecisive, but all the present difficulties are connected with the radical changes started after Gorbachev.

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[Ivanovicova] Has Russia overcome the first shock of the transition to the market economy?

[Bogomolov] The crisis we are experiencing in the economy and politics is far from being overcome. There are no sufficiently convincing signs that a stabilization stage set in, and that the lowest point of our difficulties is behind us. Various politicians have different assessments — some are overly optimistic, others exaggeratedly pessimistic. I base my conclusions on real facts and, unfortunately, they indicate that there is no firm basis for growth because there is a lack of investment, a rather high rate of inflation of about 8 percent per month continues, and a substantial part of the population is living below the poverty level, even below the subsistence minimum. Capital continues to flow out of the country.

[Ivanovicova] What is the share of Russian Mafia in the outflow of capital?

[Bogomolov] Because of inflation, businesses prefer to leave their money in Western banks. This work as an insurance, and may help them avoid unnecessary taxes. A substantial part of the money, however, belongs to criminal organizations. Estimating their share is rather difficult but it is undoubtedly very high.

[Ivanovicova] What about the criminalization of Russian society?

[Bogomolov] It is one of the consequences of the reforms, not only the economic ones but also the concept of weakening the state, and removing it from the process of regulating social and economic life. It seems to me that it was a bad concept, largely dictated by the interests of political struggle. The inherited old state apparatus could represent for our president a certain danger as the bearer of some former traditions and efforts. Therefore, he certainly improved his position by dissolving it but did not have time to form his own efficient structures.

[Ivanovicova] President Yeltsin recently said that a financial and economic stabilization will take place in Russia by the end of the year. What do you think?

[Bogomolov] He said the same thing last year, and therefore many people wonder to what degree he bases his statement on a truly penetrating analysis of reality. At the very outset of the reforms, Yeltsin was predicting that growth would start at the end of 1992. More than two years have passed since then, and the decline continues. As an economist, I do not see sufficiently convincing arguments to share this optimistic stand, although the situation varies in different parts of Russia and in different sectors is far from being the same everywhere.

[Ivanovicova] Where is it the best and where the worst?

[Bogomolov] The reforms have had the greatest effect on agriculture and the light and food industries. They caused a lot of damage to sectors that are demanding in terms of science, and less to the fuel, mining, and raw material sectors. The sectors capable of producing exports and generating hard currency are able to survive. Those working for the domestic market will not be able to survive because the living standard has declined tremendously and purchasing power has been reduced. Moreover, the country has been flooded with imported goods.

[Ivanovicova] How is life in the countryside?

[Bogomolov] The living standard in the country certainly differs from that in Moscow. There are a lot of rich people in Moscow, they build villas and palaces in the suburbs, while in the countryside, and especially in small towns, the living standard continues to decline, and as a result drunkenness is booming.

[Ivanovicova] Statistics show that there are 30 million people in Russia with an income below the subsistence minimum. How do they manage to survive?

[Bogomolov] That is a singular puzzle. In the city, they are mostly pensioners and young people who graduate from school and cannot find work. There are also workers in numerous enterprises, however, who are forced to work a shorter work week or are temporarily laid off without pay. They help themselves by additional resources: You can take a cab in the city that is driven by a university lecturer or even professor, because they cannot make ends meet on their salaries. Many experts make extra money in the construction of villas for the Russian nouveaux riches. Others have small lots, yards, where they grow vegetables. Some rent their apartments in the city and live with friends or relatives. The war taught Russians to cope with shortages.

[Ivanovicova] How is privatization progressing?

[Bogomolov] I believe that what happened in our country is simply a crime. We disposed of the property that used to belong to all the people without asking their opinion. As a matter of fact, not even parliament made the decision but only the president and the actual sectors. Large enterprises worth hundreds of million dollars were sold for a pittance. Moreover, having sold its most profitable assets, particularly in such sectors as oil and gas industry, gold mining, etc., the state deprived itself of its revenues. Today, the state is unable to pay its debts, and does not have funds for the Army, science, or health care.

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[Ivanovicova] What role did corruption play in privatization?

[Bogomolov] A substantial one. It was not just the corruption but also the advice from Western experts, as our privatization bureaus widely used Western funds and Western consultations in the preparation of the privatization projects. I would not rule out the possibility that we will have to introduce substantial changes into the privatization and correct the mistakes. With rare exceptions, it has transpired that the privatized enterprises are less efficient than the state ones used to be.

[Ivanovicova] What would happen if the United States stopped its assistance to Russia?

[Bogomolov] Nothing, because it is absolutely insignificant today, compared with the money flowing out of Russia. Every year, at least $15 or 20 billion is de facto disappearing, and reappearing on Western bank accounts or being transformed into real estate in the West. In addition, some 20 billion U.S. and German banknotes [as published] are in use within Russia. This means that every year Russia provides credits to the West, even interest-free, in a much greater amount than the total Western assistance. This assistance, in the form of credits now burdens our budget, and Russia no longer is able to control its debt. We do not need Western credits but investments — the latter are, however, in very short supply. It would be best — which is what your politicians also used to say — if the Western markets opened up to our advanced hardware, including military equipment, so we could make our own money.

[Ivanovicova] How much does the war in Chechnya cost Russia?

[Bogomolov] At this time, no one can give precise numbers. Nevertheless, it is obvious that it is a tremendous sum of money. It is too heavy a burden on Russia. Although the government creates the illusion that it will not exceed the approved budget, financing the Chechen war requires a reduction of expenditures in numerous items of the budget, and particularly in the purchase of military hardware. This means, for instance, that people in many enterprises depending on government orders will be without work.

[Ivanovicova] What shape is the arms industry in?

[Bogomolov] It is experiencing hard times. The difficulties are not only in the shortage of military orders but also in the lack of a clear conversion plan. Many military enterprises could manufacture civilian goods but, because of the low purchasing power, there is no market.

[Ivanovicova] What chances does Yeltsin have of being reelected Russian president?

[Bogomolov] His popularity is currently very low. According to sociological surveys, only 2 percent of the population trust him completely, and some 6 or 7 percent trust him.

[Ivanovicova] How do you feel about the eastward expansion of NATO?

[Bogomolov] That is a burning issue, on which the stands of the Czech and the Russian foreign policies differ. A solution must be sought that would not harm all-European security. At a seminar on Czech-Russian relations in Prague, in which I participated, we analyzed this issue, and we well understand the motives guiding the Czech politicians in their endeavors to join NATO. These motives cannot be ignored — they are an attempt to get a sufficient guarantee of security under the conditions, when the former structures guaranteeing security disappeared and a new solution must be found. The Russian politicians very well understand the wish to have security guarantees under the new conditions. On the other hand, Russia also has security interests. As a result of the collapse of the existing organizations, like the Warsaw Pact, for instance, and the disintegration of the USSR, it found itself in a very bad geopolitical situation. Its defense border, which used to guarantee security, is now in other countries. Closer proximity with the Russian border of NATO without any change in its concept and structure generates a feeling of vulnerability and uncertain security from the military point of view. Of course, NATO does not state any wish to attack, such a danger does not exist. Nevertheless, it is an existing military machinery that is combat-ready. If conditions changed, it could become a tool representing danger for Russia.

Government Draws Up Plan To Pay Delayed Wages

MK1407051495 Moscow SEGODNYA in Russian 13 Jul 95 p 2

[By Dmitriy Volkov under the "Obligations" rubric: "Commission on Nonpayments Studies Reasons for Nonpayment of Wages. Treasury Will Try To Pay Off"]

[FBIS Translated Text] The commission on improving payments and settlements considered reasons for the nonpayment of wages yesterday. The problem, which has now and again caused acute conflicts that swept various industries — from budget-financed social sector organizations to miners — started coming to a head once again in May, Labor Minister Gennadiy Melikyan said, after a period from January to April when delayed wages were on the decline. The government managed

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to pay off fully the state debt of last year, but it started growing again in the first half of 1995.

According to the Labor Ministry, by 1 July the overall amount of delayed wages in the Russian economy was 6 trillion rubles [R]. First Deputy Economy Minister Andrey Shapovalyants mentioned "the lack of money in enterprises' accounts because payments for finished products are not forthcoming" as the main reason for bottlenecks regarding the payment of wages. The Economy Ministry said that from 12 to 22 percent of all deliveries were not paid for in January-April, "which points to diminishing responsibility for compliance with contract obligations." In the Economy Ministry's view, another reason for that is that in the absence of orders, enterprises order their workers to take paid leave time, which cost the industrial sector over R200 billion in April.

The state's failure to comply with its own contract obligations with regard to coal miners, the agro-industrial sector, and the defense industry has brought about a debt worth R10 trillion (including R1 trillion in delayed wages). In all, this amounts to 17 percent of the enterprises' overall debt. The rest should be straightened out by the enterprises themselves.

Meanwhile, Finance Minister Vladimir Panskov said at the commission meeting that the state debt to the defense industry has swollen because "enterprises performed an amount of work to manufacture weapons and military hardware that goes beyond the limits of appropriations for these purposes in the federal budget." Data submitted by the Finance Ministry contains other curious details as well. The power ministries claim that the budget owes R1.2 trillion to the Defense Ministry; nearly R0.5 trillion to the Internal Affairs Ministry; and R72.4 million "to security services." Yesterday, the Finance Ministry pointed out, however, that the "debts" emerged because the power agencies have hacked out from the government pay increases for their officers that have not been accounted for in the budget. Thus, Russia's fundamental economic document is at odds with the need to please the Armed Forces and law-enforcement agencies.

In addition, it follows from the Finance Ministry documents that the Defense Ministry's expenditures on the Chechen war worth R1.8 trillion were paid for at the expense of defense procurements, capital construction carried out by the ministry, and military research and development projects. Naturally, defense industry workers and weapons designers never received these funds and have complaints to make about the budget.

As a result, the operational commission proposed that the Finance Ministry together with the State Defense Industry Committee draw up a timetable for paying delayed wages to defense enterprises and also, together with the Central Bank, "contemplate" using hard-currency on enterprises' accounts to pay wages due to them. The government also plans to use the "partial conversion of treasury bonds" into cash to pay wages. The Labor Ministry was tasked with pushing through the State Duma the draft law on the procedure for compensating damages inflicted on workers by wage delays. Finally, the government intends to fund fully wage-related expenditures in the third quarter and to repay completely debts accumulated through the nonpayment of wages in the fourth quarter.

'Normative Basis' Sought for Ending Wage Arrears

MM1407092895 Moscow IZVESTIYA in Russian 14 Jul 95 p 2

[By Igor Karpenko: "Russians Owed 8 Trillion Rubles. Government Seeks Way Out of Crisis"]

[FBIS Translated Text] Russia again faces the threat of strikes and social conflicts linked with wage backlogs. The decline in real incomes and the current food and commodity price rises are sharply complicating the situation.

The recent outbursts of protest against the delays in paying the wages of Maritime Kray miners and school and higher educational institution teachers in cities and villages all over Russia, or even the strike by guards at a prison colony in Murmansk Oblast no longer seem strange. Statistics have recorded a sharp surge in the country's salary backlogs — by 10 percent in May and almost 7 percent in June. The overall debt has reached the record figure of 6 trillion rubles [R].

These statistics may come as something of a surprise. After all, the government has completely paid off its "salary" debts for 1994 (R2 trillion plus) and has fully remitted the money stipulated in the state budget for the first half-year. The strict campaign at the start of this year to seek out nonbudgetary debts in connection with the miners' strikes also notably cut debts in regions, in sectors, and at enterprises. But it turns out that the debts are growing steadily.

Moreover, their sum total has actually passed the R8 trillion mark, since almost half of all enterprises, sectors, and regions have been unable to pay the 30-percent indexed element of wages. These debts, for which no provision was made in the budget, are "not considered" as debts. But clever accounting will do nothing to improve the lives of the population, which has lost its already low real incomes thanks to inflation. More than R1 trillion in these unaccounted-for debts has built up

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even in the federal budget, not to mention regional budgets. Almost a third of the total debt is "on the conscience" of just a few regions — Tyumen, Kemerovo, Chelyabinsk, and Irkutsk Oblasts, Tatarstan, Bashkortostan, and Yakutia. The most "miserly" debtors, where half of the nonpayments are more than two months old, include Tuva, the Altay, Tatarstan, and Orel, Kemerovo, and Kaliningrad Oblasts, and the pulp and paper, fisheries, food, and petrochemical sectors. The situation is particularly acute in machine building (including the defense sector) and, unusually, even sensationally, in all the "power" ministries. It seems as though these are the places where future social conflicts will arise.

We probably can and should "discount" criminal nonpayment from the grand total, and take the most severe and serious measures against enterprise and organization leaders who are "stashing" away payroll money in commercial structures and banks, complicating an already highly acute situation because of their personal greed. Here is some anecdotal evidence. The leaders of an institute in the capital attempted to get its finances back in order by "playing the markets" with their employees' salaries. But the main reason for the salary delays is banal and prosaic — in July 92 percent of debtors simply had no money in their current accounts. Moreover, given the Soviet tradition of paying salaries on the residue principle, we can understand why workers at many enterprises have not seen a pay-packet for several months now.

The government's urgency commission to improve payments and transactions attempted to adopt a range of measures 12 July to protect Russian citizens' wages. Understandably, these include "emergency" measures — money is being transferred to "hot spots" such as Maritime Kray, the "power" ministries, and teachers. The decision was made to devote special attention to funding defense orders, closed regions, and factory towns. A special session will examine the situation in the Army, the MVD [Ministry of Internal Affairs], and the Federal Security Service, which the Chechnya events have left in a critical situation in terms of the budget. It has been suggested that the Nizhniy Novgorod experience could be employed and mutual debts repaid within the regions.

A campaign is now emerging to expose insolvent enterprises as bankrupt; enterprises can now be ruled insolvent after failing to pay their employees for two months, and trade unions will be able to bring lawsuits on salary grounds.

Finally, specific departments have been instructed to speed up the elaboration of the law "On the Procedure for Providing Compensation for Material Damage in Connection with the Violation of Salary Payment Timetables" and a number of other documents, already prepared, which will provide a normative basis for protecting Russians' pay-packets.

Companies Compete for 'Oil for Sugar Contract'

MM1307145995 Moscow IZVESTIYA in Russian 12 Jul 95 pp 1-2

[By Mikhail Berger: "There Will Be No Waiting Lines for Sugar Unless the Government Makes the Wrong Choice"]

[FBIS Translated Text] Next Thursday [13 July] the government is to approve (or reject) the decision of the tender committee on who will supply Russia with sugar. The right choice will determine the presence or absence of this really mass-market product on sale, not to mention "secondary" matters such as providing work for Russia's sugar refineries and the treasury's share of income from implementation of the "oil for sugar" contract.

The prolonged and fierce contest among major Russian commercial and state companies over this deal is because of the fact that whoever wins the tender could obtain profits running to tens of millions of dollars.

Originally, the government had the very strange idea of appointing someone to implement the "oil for sugar" contract. A corresponding draft decree had even been drawn up, stating outright that the Ministry of Agriculture and Food and the Ministry of Fuel and Energy are to determine the supplier of sugar for state needs.

The disingenuousness with which it was proposed, simply to hand a highly advantageous contract to whatever company pleased the ministry bureaucrats (with all the ensuing consequences for the interested parties), was so indecent that eventually the government decided to hold a tender.

The "oil for sugar" contract for which Russia's business giants are fighting so energetically is distantly reminiscent of what in Soviet times was known by ordinary citizens as "reciprocal trade." A kolkhoz member sells the village consumer cooperative five tonnes of meat, and the cooperative sells him a "Moskvich" car at the state price.

In our case, the executor of the contract exchanges, so to speak, 3 million tonnes of Russian oil for 1 million tonnes of Cuban raw sugar. The main criterion is the price level at which the victorious company will offer white sugar for state needs. The lower it is, naturally, the bigger his chance of victory.

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The days of ideological discounts on Cuban sugar have long gone; world prices must be paid for it. How does the winner benefit? His interest is focused on the difference between the domestic and world price for Russian oil, which he, as executor of the state order, is guaranteed to be able to export. In the light of the size of the contract, that difference is approaching $100 million. Admittedly there are a number of factors that could substantially lower this sum, but in any case it is worth fighting for.

Twelve companies obtained tender documentation. Six put in applications. The unsealing of the application envelopes revealed that the contenders lined up in the following order (in ascending order of the price of sugar offered for state needs): "Rosvneshtorg," "Alfa-Eko," the RAO [Russian Joint-Stock Company] "MES," "Prodintorg," the trading house "Razgulyay," and "Menatep-impeks."

However, "Rosvneshtorg," which was initially in the lead, unlike all the other contenders, did not present calculations in support of its offer, and its bank guarantee was offered by a little-known bank. Furthermore, the sum of 250 million rubles — the obligatory deposit to be handed over by every contender — has yet to be forthcoming from the leader. So the order of the contenders on the list could have changed by Thursday.

True, there are fears that in any event preference will be given to state companies (which may be what "Rosvneshtorg" was counting on). But the chairman of the tender committee, Vladimir Karastin, deputy minister of foreign economic relations, assured IZVESTIYA that the contender's form of ownership is of no significance for the committee. No circumstances, he added, except the terms of the deal and the reliability of bank guarantees will influence the final decision.

So we will soon learn who is going to ensure a "sweet life" for Russia in the near future.

Oil Company Seeks Investment Via Share Sales

MM1307131295 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p iii

[PRAYM report: "'Purneftegaz' Planning To Attract Investment"]

[FBIS Translated Text] Russia's "Purneftegaz" Oil Company is planning to attract investment of $15 million by selling a large block of shares acquired in the aftermarket. The placing will go ahead after presentations in London (24 July), New York (25 July), and Moscow. The shares will be available for investment auctions at the current rate. The placing will be conducted by Russia's "Tsentr Invest" Company and by the international investment bank of Salomon Brothers. Foreign investors will now own 15 percent of "Purneftegaz" shares. "Purneftegaz" has concluded an agreement with the Chase Manhattan Bank, under which the bank will be the nominee holding company for the Russian company's shares.

Oil Export Liberalized But Exceptions Remain

MK1407101095 Moscow KOMMERSANT-DAILY in Russian 14 Jul 95 p 3

[By Vadim Bardin under "Economy" rubric in the "Oil Export" column: "The Fuel and Energy Ministry Solos on the Pipe as Others Applaud"]

[FBIS Translated Text] The oil export procedure is, figuratively speaking, one of the favorite hits of the Russian Government, performed for the benefit of, among others, an international audience. In any event, corresponding circular letters are certainly popular and are reissued with enviable constancy. The latest resolution, "On Using the System of Main Pipelines in Transporting Oil and Oil Products Outside the Customs Territory of Russia," No. 697, authorizes oil and oil product producers to transfer their rights of access to the pipe to other organizations. A special government resolution was needed in order further to liberalize oil export, even though the right of cession is already stipulated in the Civil Law Code.

Oil Export by Barge [Guzhevoy] Is the Easiest To Liberalize

It would seem that the problems have long been resolved: As of 1 January quotas on the export of oil and oil products were canceled; and since 25 March the institution of special exporters has been abolished. But at that time the liberalization of oil export was by no means complete. That is to say, everybody may carry oil and oil products in tankers and tank cars but only a few chosen have access to the pipe.

Everything is simple. The carrying capacity of the pipe is an objective quota, and is in the hands of the Fuel and Energy Ministry [FEM]. KOMMERSANT-DAILY has written more than just once how this department has upheld the priority of producers' interests. The interests of the defenseless traders have been maintained by the main liberalizers of Russian export: the IMF and the World Bank. At last, the government has said its final word. The gist of the latest oil resolution is that traders are separated from the pipe not forever but can use it if the producers cede them their priority right.

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The Cause of Special Exporters Will Not Die

Not only producers and pure traders but also the FEM and the State Customs Committee are directly or indirectly engaged in oil export. The latter has overcome the shock of the lifting of quotas and the abolition of special exporters in a rather original manner. As KOMMERSANT-DAILY has written earlier, the Customs Committee issued an order to preserve the special exporters' right to export oil. Now this decision has been voided. The government resolution does not in any way limit the range of those organizations to which the producers may cede the right to export oil. Cession agreements may also be effected in any form allowed by the Civil Law Code.

In effect, the government has returned to the rational idea, which in its time was used to substantiate the appearance of special exporters, but without administrative burdens, imposed from above. Oil should be exported by those who can do it best. But the choice will be made not by an officer at the Ministry of Foreign Economic Relations or the FEM but by the producer itself.

True, the producers have retained the priority export right. It is no accident that there are fewer and fewer pure trading companies: They are actively buying up the shares of extracting enterprises and turning into producers. But even among them there are first among equals. This is confirmed by the fact that the largest Russian oil companies have received the status of coordinators of export oil deliveries along corresponding export pipelines. This is not a new practice, but it is characteristic that whereas earlier the role of coordinators was played also by pure special exporters (the NAFTA-Moscow and Koneks joint-stock companies), today the FEM has managed to have its way: There are only oil producers among the coordinators. And they not only regulate access to the pipe along their respective line, but also have an impact on pricing policy.

So export regulation is multi-level. It combines a dose of liberalization and the undying priority of producers' rights.

Chernozem Region Faces Lean Year Due to Drought

MM1307143995 Moscow SELSKAYA ZHIZN in Russian 13 Jul 95 p 1

[By Yuriy Baklanov: "From Breadwinner... to Hanger-on?"]

[FBIS Translated Text] Voronezh, Lipetsk, and Tambov Oblasts — It seems that this fall a loaf of white bread will have become a delicacy for many families, as was the case right after the war. Owing to the bad drought, the Central Chernozem Region will not be one of Russia's chief granaries this year. A far more modest task is set: to feed the local population somehow and to lay in a stock of seed. In Voronezh and Lipetsk Oblasts, if harvesting is carried out successfully, it is hoped to thresh an average of just 15 quintals of grain per hectare. But since they were reckoning on a quite different kind of harvest, and the expenditure has been made, the grain's production cost and, consequently, the price of bread and flour products will inevitably increase. It will increase substantially.

Peas and winter grain crops are now being harvested in the fields. Depending on the yield per hectare and the concentration of weeds in the fields, the farmers choose different harvesting tactics: In some places they are threshing directly, while elsewhere they are cutting grain crops into double windrows so as to rule out unnecessary passes over the field by combines with pickups, and thus save on fuel. As always, there is not enough fuel at harvest time. In Lipetsk Oblast, given a requirement for 230 tonnes of MGYe-46 diesel oil for Don combines, only 60 tonnes were received. A serious shortage of fuels and lubricants has come about in Voronezh Oblast's Borisoglebskiy and Ertilskiy Rayons and in Tambov Oblast's Bondarskiy, Inzhavinskiy, Morshanskiy, and Nikiforovskiy Rayons.

There is fuel at the bases, but many people have nothing with which to buy it. They have to give up bread grain, sugar beets, and sunflowers for commodity credit. But what are those who have grown only seed to do? Put by other property? In Tambov Oblast the crops perished altogether on 126,000 hectares because of the drought, and the harvest will be minimal over an area of 320,000 hectares. After the harvest winter grain crops have to be sown at the best times on 650,000 hectares. For two seasons in a row the people of Voronezh Oblast have been unlucky with winter wheat, which has perished over large areas. The winter crops cannot be allowed to let us down a third year, it is being said here. So good seed and fertilizers will have to be found for the fields where they are sown.

Of course, even the minimal harvest that has ripened in the fields has to be gathered in in full, without losses, so as to ensure a delicate grain balance, making it possible to feed people on bread, to have their own seed, and, maybe, to provide poultry farms with grain. Otherwise, for the first time in recent years, the Chernozem granary could turn from a breadwinner into a hanger-on.

Oh how hard it is to avoid this! Not just because of the shortage of fuels and lubricants but also because harvesting equipment is badly worn out and, moreover, many people do not have the means to repair it. Prior

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to the beginning of harvesting, almost 2,000 combines remained unrepaired in Voronezh Oblast, and 1,300 in Tambov Oblast. Engines, rubber, and batteries give engineers and machine operators a daily headache.

In Lipetsk Oblast, the administration asked the "Agrosnabservis" bases to release spare parts without prepayment on its own guarantee. The load per available combine has already increased to almost 200 hectares and even to 300 on a number of farms, particularly in Dankovskiy, Lebedyanskiy, Lev-Tolstovskiy, and Stanovlyanskiy Rayons, exceeding the norm by over two times. Combines are going out of commission four times faster than they are being replaced. Whereas five years ago the oblast was buying 970 combines, this year it has acquired just 40 — and these are mainly leased — on credit. Voronezh Oblast farms have reduced their acquisition of combines by a factor of 10-12 times compared with the "stagnation" years.

The only hope lies in good weather and the experience and skill of patient machine operators, who nowadays are literally heroically ensuring the country's food security, not receiving for their labor either worthy payment or the attention that the whole country used to give to those involved in harvest work. Now they are frequently left to face their troubles alone.

We will not make a respectable profit on grain this year, and we should settle up for commodity credit without running up new debts and not leave people without milk and meat in the winter. To resolve this task, the strategy of field work in Voronezh Oblast is being changed as they go along. To replenish the stocks of grain forage, it has been decided to leave some of the silage corn for grain and to obtain succulent feed from afterharvest sowings, for which there is a plan in every rayon.

Food Import Tariffs Should Not Affect Prices

MM1307115695 Moscow IZVESTIYA in Russian 13 Jul 95 p 5

[By Yevgeniya Serova of the Institute of Transition Period Economic Problems and Yelena Yakovleva of IZVESTIYA: "The Political Flavor of Foreign Food"]

[FBIS Translated Text] For most commentators assessing the increase in customs duties on food the situation seemed reminiscent of the classic, text-book scenario: on the one hand lobbying agrarians, on the other the mayors of big cities expressing the interests of consumers. Who will win? Throughout the civilized world the consumer is protected in such situations.

But our situation is different.

What Place Do Imports Have on Russian Tables?

An increase in import tariffs on food usually leads to an increase in food prices. But before assessing this growth let us clarify what proportion of Russian food is imported.

In the figures for per capita consumption of basic food products it is possible to single out the proportion of imports and compare it with the past. The results of the comparison surprised us. We are importing approximately the same amount as during Soviet times, and even less of some products. The proportion of imported vegetable oil has fallen, for example. Between 1992 and 1994 the proportion of imported vegetables fell by more than 75 percent while the proportion of imported fruit fell 8 percent. There was a considerable (40-percent) increase in the proportion of imported sugar, but this is understandable: Ukraine — the main sugar-producing republic of the Soviet Union — has broken away. Moreover, the proportion of imported meat has increased substantially — approximately doubling. At the same time, however, the proportion of imported grain has declined from 111 to 25 kilograms per capita. We used to import feed grain, give it to our cows, and obtain between two-thirds and 40 percent less livestock products per unit of feed than, for example, the Americans. It would have been more sensible to import the meat than to permit such inefficiency. Which is what happened as soon as foreign trade was liberalized. Thus the proportion of imported meat correlated with reduced grain imports has decreased rather than increased.

The statistics show persuasively that there is no expansion of imports. Across Russia the proportion of the biggest import — meat — in per capita consumption averages 13 percent! Thus the slight increase in the cost of imported meat does not bode disaster.

But Russia is one thing, while Moscow is another.

Why Does Moscow Import So Much Food?

The situation in the capital is completely different: Figures showing that 70 percent of the meat on Muscovites' tables is imported have already been cited. It is interesting that in Soviet times too two-thirds of the meat consumed by Muscovites was imported from abroad and the other Soviet republics.

Nothing would appear to have changed, with one important exception. 1970's Moscow consumed around 70-percent imported meat when there was a meat shortage in the country. But 1990's Moscow consumes 70-percent imported meat when there is overproduction in the country. This assertion might perplex a person who thinks that since he has started eating less meat it

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means there is a shortage in the country. In economics what is produced is linked not to how much a person can eat but how much he can buy — that is, how much he can afford. Right now our country is producing more than we can buy.

In this sense too the example of Moscow is discouraging. In the 1970's, it was compelled to import because there was a food shortage in the country. But nowadays Orel, Tula, and Voronezh peasants can't find anyplace to sell their produce.

The economist has a natural desire to look for an answer to the question of what is happening in terms of prices. According to the statistics, in 1994 and 1995, average retail prices for basic food products and city market prices in the provinces and Moscow showed striking differences (50-100 percent more expensive in the capital). The most astounding example was December 1994, when potatoes cost 450 rubles [R] at the Smolensk city market and R1,500 and more at markets in Moscow. It is hard to imagine that it costs R1,050 to transport 1 kilogram of potatoes from Smolensk to Moscow. It is even harder to picture the Smolensk governor banning shipments out of the oblast.

The market is like the atmosphere, which abhors a low-pressure area: Masses of air will inevitably gather around it and the pressure will be restored. Unless, of course, there are mountains in the way.

This means that if the difference in potato prices in Smolensk and Moscow is so great, there must be "mountains" in the way somewhere.

This could mean that information is not getting to Smolensk. Or that Moscow is an extremely inconvenient city for trading in Russian food products.

Why Have Russian Governors and Food Fairs Demonstrated an Inability To Feed the Capital?

Meanwhile governors at a government conference complained about poverty and the impossibility of feeding the capital, while in a letter the mayor of Moscow cited conclusive figures about the results of an oblast wholesale food fair: Demand was two or three times greater than supply.

Except for one thing: From neither governors nor food fairs can you discern a country awash with food. Our regional governors cannot form even their own regional funds. And so it is now necessary to try to find food direct from the peasants, processing workers, and provincial middlemen — with the assistance of Moscow middlemen prepared to comb the country in search of Russian-produced beef or Vologda butter. But the governors have no food — anyone working in a market knows that.

Almost everybody has now abandoned wholesale food fairs, which constitute contract trading. Who is going to sign an agreement for something to be supplied a year hence when neither seller nor buyer knows how much the cabbage they have agreed on is going to cost tomorrow? It is disadvantageous for the buyer because he will find it somewhere cheaper tomorrow and for the seller because he knows innumerable examples when he has been left holding output which he has produced under contract.

Mr. Shulik, vice mayor of Sochi, phoned around the entire territory when he wanted to feed the city with Russian-produced food products. Laden trucks were met at the city limits by special "teams" and every trader was issued with a veterinary certificate, a trading permit, directions showing where to park and where to trade, and directions to a hotel. Now that is a real wholesale market.

But a Smolensk farmer who overhears that potatoes are fetching three times the price in Moscow will most likely not bother to go to the capital. Because there is no reliable information about the price. Because his neighbor set off but never got there. Because he doesn't know where to go when he gets to Moscow. Because at every single "wholesale" market in Moscow there is nowhere to park your truck, nowhere to store your produce, nowhere to spend the night.

Why Have Import Tariffs Been Raised Anyway and How Will This Impact on Prices?

In the assessment of the Agrarian Laboratory of the Institute of Transition-Period Economic Problems, Russians will not feel price consequences from the increase in customs duties because imports account for a small part of food consumption. For products where imports form a large proportion — sugar, for example — the customs duties have sensibly not been raised.

As for Muscovites, we insist that price increase resulting from the increase in customs duties should be minimal. Import duties are being raised by an average 5 percent, and the increase in food prices should be the same, no more. Calculations and observations indicate that that Russian prices today react primarily to changes in internal economic conditions and that increases in customs duties have long been a secondary factor. But other reasons why prices could rise in July are a conspiracy by importers and the establishment of antiterrorist posts around the city (tomato and cherry suppliers could very well suffer as a result of this). In addition, foot-and-mouth disease has been detected on

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Moscow region farms, being followed by instructions demanding strict checks, which in itself is a good thing, but our tradition is that quarantine has rarely been confined to strictly sanitary measures.

So prices might rise in the wake of the increase in customs duties, but in this instance "in the wake of" definitely does not mean "as a result of."

It is also difficult to assess the present increases in customs tariffs as a protectionist measure for Russian peasants. A serious and universal means of protection would be a fall in the rule. Whereas the import tariffs will be calmly "gotten around" by shuttle-traders and smugglers, whose share of imports, experts assess, is more than half of some products and close to 30 percent of food — particularly from the near abroad.

In general we are left with a single reasonable explanation, which came from the lips of presidential economics aide Aleksandr Livshits: We need to join the World Trade Organization. High duties offer broader opportunities for maneuvering and protecting our own producers. Latvia, for example, raised its tariffs by almost 70 percent just before joining.

Labor, Management Issues Viewed From GAZ Works

954F2768A Moscow ARGUMENTY I FAKTY in Russian No. 28, Jul 95 p 5

[Report by Valeriy Virkunen and Igor Morzharetto: "From Communists to Capitalists...and Back: In One Year, GAZ Increased Car Production by 30 Percent"; for translation of the original letter see FBIS-SOV-95-115]

[FBIS Translated Text]*"From Communists to Capitalists" was the title of an indignant letter from a group of Gorkiy Auto Works [GAZ] workers, published in ARGUMENTY I FAKTY No. 24. It described the plant workers' difficult situation, how the administration mistreated them, and most importantly, that workers are paid next to nothing, while directors' salaries come to 30-60 million rubles [R] a month. We published the letter, and soon thereafter our correspondents were on their way to Nizhniy Novgorod.*

Nizhniy Novgorod—Moscow—"When we read the letter in your newspaper, there was a lot of commotion at the plant," says metalworker V. Polyakov. "It is indeed an outrage—we get paid R600,000-R700,000 for work on the assembly line, and the bosses get tens of millions! Actually, the rumors that they make insane amounts of money has been circulating around the plant for quite a while, but here a respectable newspaper writes about the same thing. But then anybody who wanted to see was shown the payroll records with Pugin's and Vidyayev's salaries, and the figures there are different—R4 million, R4.5 million.... The people calmed down somewhat. As to discipline at the plant—it is true that screws have been tightened lately. But this is understandable—one cannot do without discipline. People do hold on to their jobs—most plants in the city are idle, pay miserable wages."

"After the newspaper issue came out, workers called me 'on the carpet'," recalls V. Khomutov, chief of the body and cab assembly and welding shop. "They organized an impromptu rally in the shop. They asked me: 'Is it true that the director's salary is R60 million?' I said: 'I do not know precisely, I have not counted it, but I think the figures are greatly exaggerated. By about a factor of 10.' Then the workers tell me: 'All right, let him have this salary, but could we get a little more too?'"

Is Everything Quiet at the GAZ?

So what is really going on today at the Gorkiy Auto Works, the pioneer of Soviet automotive industry? Against the backdrop of the severe crisis that has hit the Russian car manufacturing, GAZ looks more than sound. As it turned out, the enterprise possesses a substantial creative potential: Over a very short time—only one year—the 1.5-tonne Gazelle pickup truck was put into production. This model was, as they say, a hit. The Gazelle immediately became popular and enabled the plant to considerably improve its financial situation. A large-scale structural restructuring is under way. The output of 4.5-tonne trucks for the countryside and not obsolete but somewhat boring GAZ-66 army all-terrain vehicles had to be seriously cut: no orders.

The output of Volga sedans is growing. While in the "stagnation" times their annual output amounted to about 70,000, last year almost 120,000 were produced, and this year the plan is for 130,000. The Volga assembly line is currently operating in three shifts six days a week.

In short, GAZ products are still in high demand, including in foreign markets. More than 10 percent of GAZ cars are exported. Recently, for instance, a contract was signed for $75 million for deliveries of cars to Hungary. The reason is not only the traditionally high consumer quality and reliability of GAZ cars, but also a sensible price policy. Unlike its competitors, Nizhniy Novgorod car makers do not raise prices for their products. For instance, *the plant sells Volgas for $7,000-$12,000, depending on the options.* That is, Volga's price is comparable to that of the fashionable Zhiguli Model 99.

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Problems Are Problems, Wherever They Are

Of course, GAZ is experiencing its share of difficulties. Nikolay Pugin, president of the OAO [publicly held joint-stock society] GAZ, keeps repeating that the main problem is the quality of the cars they make. They still have a way to go to reach world standards. They also need a reliable modern engine whose parameters match the best world achievements. The "puffer" currently used in the Volga is low-powered and voracious. This problem is being dealt with now. A joint enterprise is being set up with the Austrian company Steier Motorenteknik GmbH, which will produce 150,000 engines a year.

Or: Many customers owe the auto works for the products already shipped. The amount of accounts receivable is in excess of R900 billion. The main debtors are the plants, which make special-purpose cars using GAZ chassis, as well as car dealerships. Nevertheless, GAZ does not apply too harsh sanctions to its debtors. In the final count, losing production partners may result in the loss of markets on the territory of the former Union.

And in order to encourage rural consumers of limited means, the auto works *decided on a form of truck sales unprecedented in the current Russian reality—leasing.* It means that the customer is in a way buying the car on credit but without the right of ownership.

So How Much Is the President Paid, After All?

If we refer to Western experience, a good manager there may make as much as $100,000 a month, while a U.S. worker, for instance, makes on average $2,000-$3,000. How do things stand at the GAZ? We were able to peek into payroll records and some other accounting documents.

The GAZ president is paid the salary the board of directors has set for him—*the average employee salary multiplied by the factor of eight. In May, for instance, the president was paid R4.4 million.*

In addition to the salary, as a stockholder Nikolay Pugin once a year receives dividends that depend on the results of his plant's performance. He owns *4,000 shares of stock, with a face value of R1,000 each, or part of the joint-stock capital equal to R4 million.* The dividends calculated on the results of 1994 performance came to 300 percent. Which means, that the GAZ president *was paid R12 million in dividends* less income tax.

So where did this figure come from—R60 million? None of the GAZ workers we talked to said: "I wrote it; these are my acquaintances, and so on." This, by the way, brings back a memory of a story absolutely identical to that in Nizhniy Novgorod. In the fall of last year, copies of a payroll sheet with Director Kadannikov's salary appeared at VAZ assembly lines—also indicating tens of millions of rubles a month. As a result, the main assembly line came to a stop for several days....

There are, of course, people at the 110,000-employee GAZ who are unhappy with the policy conducted by Pugin and his management team. We see the main cause of discontent in the current system of labor remuneration. Approximately 10-12 percent of the main production personnel work on contract and are paid considerably more than permanent employees. As wicked tongues hold it, a certain privileged stratum has emerged, a worker aristocracy who are "rolling in dough." And the authors of "exposes" to different addressees are almost certainly from among those whom the administration does not want to transfer to a contract and does not pay high salaries to.

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International Affairs

Kostenko: U.S. Not Complying With Nuclear Commitment

LD1307182295 Moscow INTERFAX in English 1615 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (Interfax - Ukraine) — Partners of Ukraine in the tripartite statement on the withdrawal from her territory of nuclear warheads do not comply with their commitments, Yuriy Kostenko, Ukraine's Minister of Environment and Nuclear Safety told a news conference in Kiev today.

Under the statement signed in Moscow in January 1994 by Presidents of the United States, Russia and Ukraine, the latter is to withdraw its warheads to Russia in exchange for fuel for its nuclear power plants.

The American side made a commitment that she would ensure funding of efforts of processing warheads' highly enriched uranium for its subsequent utilization as nuclear fuel.

"None of fuel assemblies has been supplied to Ukrainian nuclear plants in the framework of the statement", Kostenko claimed.

In his opinion, this may be due to the decision recently made by the U.S. administration to end funding the Nunn-Lugar Programme.

The Ukrainian nuclear plants suffer from an acute shortage of fresh nuclear fuel. A specified standard supply of fuel (sufficient for one year of operation) is preserved at none of Ukraine's nuclear stations, according to the National Nuclear Energy Committee.

By the beginning of 1994, some 1900 warheads were stored on the Ukrainian soil, planned earlier to be removed before 1996.

U.S. Diverts More Funds for Defense Conversion

LD1307161695 Moscow ITAR-TASS in English 1536 GMT 13 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] Kiev July 13 (ITAR-TASS) — The U.S. will provide to Ukraine an additional 20 million dollars for conversion of its military industrial sector, a news conference was told today by Ukrainian Defence Ministry spokesman Oleksandr Kluban.

Kluban said Ukraine and the U.S. had generated "very interesting joint conversion projects".

U.S. companies General Electric, Motorolla and Lockheed-Martin showed interest in the projects.

Foreign Ministry Urges Political Solution in Bosnia

LD1307155095 Kiev Radio Ukraine World Service in Ukrainian 1500 GMT 13 Jul 95

[FBIS Translated Text] Next is a statement by the Ministry of Foreign Affairs:

Despite the international community's efforts to stop the escalation of the Bosnian conflict, the situation in Bosnia-Herzegovina has reached an explosive point, threatening to develop into an open confrontation between the warring sides and the UN peacekeeping forces. Ignoring all appeals from the UN Security Council, the Bosnian Serbs captured the Muslim enclave of Srebrenica which was under the protection of the Dutch peacekeeping unit. There are numerous casualties among the peaceful population of Srebrenica. One Dutch serviceman was killed and several wounded. Some peacekeepers were taken hostage. In response to these actions, the United Nations was forced to request NATO air support to protect its peacekeeping troops.

Ukraine, being directly involved in the UN peacekeeping operation in the territory of former Yugoslavia, has warned the sides of the conflict more than once about the futility of attempts to solve it by force which can lead to a full-scale war with unpredictable consequences for the entire Balkan region. The Ukrainian Ministry of Foreign Affairs has called on the Bosnian Serbs to withdraw their forces from the safe area of Srebrenica and release all captured peacekeepers immediately and unconditionally. It demands that the conflicting parties respect the status of the UN peacekeeping personnel and end all hostile actions against it. Stressing the need to continue the search for a political settlement of the Bosnian crisis, Ukraine confirms its readiness to offer the conflicting sides mediation in the search for a formula of reconciliation and restoration of peace in this long-suffering region, says a statement by the Ukrainian Ministry of Foreign Affairs.

Moscow Efforts on Sochi Agreement Applauded

LD1307154595 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX-UKRAINE) — Ukrainian Foreign Minister Hennadiy Udovenko has voiced satisfaction at the fact that the Russian side has "begun active implementation of the Sochi agreements."

"We welcome such efforts by Russia," he told journalists, commenting on the information about the Russian president's letter with proposals on the Black Sea Fleet's division.

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At the talks in Sochi, the two sides agreed on the division of the Fleet's infrastructure and on the Russian Fleet's bases on the Ukrainian territory.

Udovenko warned that Ukrainian President Leonid Kuchma had sent a similar letter to the Russian president earlier on.

The implementation of the recent agreements on the Black Sea Fleet "should be speeded up," said Udovenko.

Kuchma Visit to Belarus Said Cancelled Due to Illness

WS1407083095 Lvov INFOBANK in English 0630 GMT 14 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — The presidential administration's press service reported that President Kuchma's state visit to Belarus which was to begin July 13 has been postponed until next week with the consent of both sides. An adviser for the Belarusian Republic's embassy, Vladimir Bokach, told an Infobank correspondent that the visit was postponed at Leonid Kuchma's personal request due to a cold.

Mr. Bokach denied rumors that the visit was put off since bilateral documents had not yet been prepared. In his words, all of the documents - an agreement on friendship, good neighborliness, and cooperation between Ukraine and Belarus, a labor agreement concerning citizens working either country, and an agreement on air travel - are ready to be signed. Mr. Bokach also said that the volume of trade between both countries for 1994 totalled $1 billion.

Udovenko Holds Press Conference After Israel Visit

LD1307131195 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 13 Jul 95

[FBIS Translated Text] Hennadiy Udovenko: The visit to Israel has ended; the main task today for both sides is to take constructive and specific actions for implementation of the agreements which have been signed.

This idea dominated the press conference held by the minister of foreign affairs of Ukraine for journalists upon the completion of his three-day official visit by a Ukrainian government delegation to the State of Israel. These meetings and negotiations, the minister stressed, as the Israeli Government assesses, are different from the previous ones in the richness of the assortment of issues raised by the two sides. They are very significant, not only for further development of Ukrainian-Israeli relations, but also for stabilization of the situation in the Middle East and they are significant on the international scale. In the opinion of our delegation, Hennadiy Udovenko continued, we have fulfilled the primary task of drawing the attention of the Israeli side to the deepening of consideration of all the aspects of the bilateral relations.

To understand the special (?determining) characteristic, note the following fact, the minister stressed: 300,000 Jews have resettled in Israel from Ukraine. This is a large force of talented scientists, doctors, and teachers — the elite of society, in short. We have suffered huge intellectual losses but Israel has gained from that. This factor must be present in our relations.

The government and business circles of Israel want and aspire to cooperate with us. Let us take as an example the meeting held by the delegation of Ukraine with the Israeli Aviation Industry. Our technologies are not any less advanced. Our enterprises have the right to hold themselves with dignity and not like beggars in the relations with foreign partners, the minister noted.

When asked by the journalists whether the issue of cooperation in the military sphere was discussed during the meetings, Hennadiy Udovenko answered:

It was discussed but not in any specific terms. We agreed to draft relevant normative documents. There are preconditions for such cooperation, in particular in the aviation and space spheres. I want to note straight away that such cooperation will not be directed against any third countries.

The minister of foreign affairs announced that after the agreements on trade and economic cooperation and cooperation in tourism were signed in Jerusalem, the main emphasis in their implementation lies in constructive actions of both sides. Formalities and empty promises from our departments and enterprises are not acceptable. The Israeli side does not accept such attitude. The head of the Ukrainian delegation answered other questions. The government delegation of Ukraine returned to Kiev.

Israeli Aviation Firm Proposes Modernizing MiG-21's

WS1407083595 Lvov INFOBANK in English 0630 GMT 14 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — On July 13 an official delegation from Ukraine completed its visit to Israel. During talks the head of the Ukrainian delegation, Ukraine's minister of foreign affairs Henadiy Udovenko, and Israel's minister of foreign affairs

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Shim'on Peres signed an agreement between the government of Ukraine and the government of the state of Israel regarding trade and economic cooperation.

Sources in the Israeli Embassy told an Infobank correspondent that Mr. Udovenko met with officials from the Israeli aerospace company Israeli Aircraft Industries (IAI) which produces satellites and fighter planes and which is involved in civil and military missile technology. Talks were also held regarding cooperation in the areas of the space and aviation industries. Even before the visit took place an Israeli aviation firm proposed that the Antonov Aviation Research and Technology Complex work together with them on building AN-74 and AN-38 aircraft with the promise that they will furnish them with Israeli navigational equipment. The Israeli firm also proposed a joint venture for the modernization of MiG-21 fighter planes which were built during the Soviet era.

The Israeli embassy's press attache in Ukraine, Yuriy Morozov, told an Infobank correspondent that presently 92 percent of Ukrainian exports to Israel consist of uncut precious stones as raw material for Israel's jewelry industry. Ukraine's yearly export volume to Israel totals $23 million.

Border Strengthened To Halt Chechen 'Terrorists'

LD1307201995 Moscow ECONOMIC NEWS AGENCY in Russian 1330 GMT 13 Jul 95

[FBIS Translated Text] According to a statement from Lieutenant General Viktor Bannykh, the chairman of the Committee for the Defense of Ukraine's Borders, Ukrainian border troops have taken additional measures to defend the eastern border. This is necessary to prevent fighters and terrorists from Chechnya entering Ukraine.

The general noted in particular that these measures have also enabled illegal migration from the countries of Southeast Asia to the West to be significantly curtailed. According to him, around 63 percent of all illegal migrants are detained on Ukraine's borders with Russia and Belarus.

Every month 20-30 organizations are discovered sending migrants to the West. "This is a very profitable business," Bannykh stressed, "since the normal rate for transporting a single illegal migrant across Ukraine's western border is between $1-3,000."

National Affairs

Prime Minister Discusses Formation of Government

LD1307154095 Moscow INTERFAX in English 1333 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX-UKRAINE) — Prime Minister Yevheniy Marchuk of Ukraine spoke to lawmakers yesterday night to say that the issue of the Cabinet formation would be decided this week.

"One or two positions may be left vacant", the Premier said. He also told the lawmakers that they would be provided with "a government's preliminary "action plan" on Thursday evening "to examine it and advance their motions on the subject within the next two days". The programme itself will be submitted to the Parliament before September 3, the Premier disclosed.

Y. Marchuk called for "sensible efforts for economic restructuring with priority to measures aimed at the social security of the population". "We shall inevitably see some enterprises going bankrupt," Marchuk said, adding that "everything should be done to minimize damage to people".

According to the Premier, the issues involved in social security for the people, payment of pensions, and relations in industrial cooperation will be brought up for discussion with the Russian side during his visit to Moscow. The Ukrainian delegation will negotiate "not only the Black Sea Fleet issue, but also the whole range of economic problems cropping up in our cooperation".

He disclosed, in particular, that "some agreements and protocols are to be signed with Russia in the field of industrial production." He pointed out the need for setting up financial and industrial groups, those in the production of phosphoric fertilizers in particular.

The problem regarding payment of pensions to the citizens moving from Russia to Ukraine has also to be resolved.

Reforms Faction Critical of New Cabinet

LD1307212195 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 13 Jul 95

[FBIS Translated Text] It has now become clear that the new Government in Ukraine may follow old policies, Serhiy Sobolyev, the leader of the Ukrainian Parliament's Reforms faction told a news conference on 13 July. He denied that his statement had any bearing on the fact that the faction's proposals and candidacies had been disregarded in the formation of the cabinet.

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He pointed out that there was a considerable overlap in deputy prime ministers' powers and responsibilities, while the government was unlikely to become a team that was demonstrated by some of its members' views on the budget.

Reforms faction members attending the news conference pointed to the danger of sidestepping radical economic reforms. This, in particular, applied to parliamentary deliberations on financial and industrial groups where the faction's comments were left unattended. Support was instead given to proposals by some of the parliamentary lobbies whose interest was to achieve a high degree of these groups' concentration in Ukraine, their activity subject to preferential regulations. They warned that this, in its turn, would pose a threat to the budget.

Crimean Speaker Suprunyuk Meets Leading Officials

President Kuchma

LD1307193395 Moscow INTERFAX in English 1642 GMT 13 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Kuchma received the newly-elected speaker of the Crimean parliament Yevhen Suprunyuk in Kiev on Wednesday and discussed with him the re-subordination of the Crimean government to the autonomy's parliament.

(Under President Kuchma's previous decree the Crimean government is now subordinate to the Ukrainian Cabinet. - IF).

Suprunyuk said after the meeting that if the Crimean parliament met the agreed terms, that question may be discussed in Kiev and in Simferopol. The Crimean speaker did not explain what terms he was referring to. He only remarked that mutual concessions were possible on that issue.

On the same day Crimean parliamentary delegation members met with the chief of the presidential staff Dmitriy Tabachnyk and Ukrainian parliamentary speaker Oleksandr Moroz.

A member of the Crimean parliament's presidium Vasiliy Shpylkin has said that Kiev is satisfied with changes in the Crimean parliament's leadership.

Shpylkin also said that the negotiations also concerned the idea of an open economy regime in the Crimea. If the experiment is given a go-ahead, Crimea would be given broader economic rights in taxation, banking and off-shore zones.

Crimean delegation members have said it was agreed that the Crimean parliament would present its proposals for the division of property in the Crimea to the Ukrainian government.

Prime Minister Marchuk

LD1307201695 Kiev UNIAN in Ukrainian 1800 GMT 13 Jul 95

[FBIS Translated Text] Kiev — On 13 July Ukrainian Prime Minister Yevheniy Marchuk received Supreme Council of Crimea Chairman Yevheniy Suprunyuk and presidium members, UNIAN has learned from the Cabinet of Ministers of Ukraine press service.

Their conversation centered on extending constructive cooperation between the Ukrainian Government and the Crimean autonomous republic's leadership. The consensus was that establishing a clear-cut mechanism of economic relations between Ukraine and Crimea would not only enable the peninsula's pressing socio-economic problems to be gradually settled, but it would also help prevent potential complications.

Kiev Approves of New Crimean Council Leadership

LD1307171495 Moscow INTERFAX in English 1333 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX - UKRAINE) — Kiev is content with the change in the leadership of the Crimean parliament and expresses hope that the decisions of the new Crimean leaders will be well-balanced and in line with the interests of both Crimea and Ukraine, Vasyl Shpylkin, member of the Crimean parliamentary presidium, told newsmen upon his arrival in Simferopol on Wednesday evening.

A delegation of the Crimean Supreme Council met on July 12 Dmytro Tabachnyk, head of the presidential administration, and Oleksandr Moroz, chair of the Ukrainian Verkhovna Rada. The newly elected Crimean Parliament Speaker Yevhen Suprunyuk met with President Leonid Kuchma of Ukraine.

Shpylkin also said that the talks covered the idea of introducing in Crimea an experimental regime of open economy. According to him, Crimea is likely to be granted wider powers in the economic field: the right to set out tax policy, to further the banking system and to open offshore zones.

In the words of the Crimean mps, it was agreed that the Crimean parliament shall submit to the Ukrainian

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Cabinet proposals in the issue of distributing property on the peninsula.

Crimean Supreme Council Chairman Yevhen Suprunyuk and his Deputy Chair Refat Chubarov, who are members of the Crimean delegation, intend to meet today Ukrainian PM Yevhen Marchuk and Verkhovna Rada Head Oleksandr Moroz.

Among other things, the meetings are to deal with the financing of the program for a return of the peoples exiled from Crimea.

Presidential Decree Appoints New Ministers

LD1307171395 Moscow INTERFAX in English 1333 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX - UKRAINE) — Under President Kuchma's decree, Mikhailo Onufriychuk has been named Ukrainian minister of the press and information.

Mikhailo Onufriychuk was born in 1945; in 1990-1991 he was in charge of affairs at the Kiev city executive committee; in 1992-1994 — chair of the National committee for the protection of state secrets in mass media; from November 1994 — Ukrainian minister of the press and information.

The Ukrainian president's decree has also released Serhiy Osyka from his duties of vice-premier in charge of foreign economic activities. Earlier, Osyka was named minister of Ukraine's foreign economic relations and trade.

Valeriy Shmarov has been relieved of his post of vice-premier for the military-industrial complex. He has been named Ukrainian defence minister.

Prime Minister Introduces New Energy Minister

WS1307104095 Kiev INTELNEWS in English 0418 GMT 13 Jul 95

[FBIS Transcribed Text] Kiev, July 10 — Prime Minister Yevhen Marchuk officially introduced newly appointed Energy and Electricity Minister Oleksiy Sheberstov, to the ministry staff Monday.

The prime minister said that the energy sector is the most important branch of the state and said he appreciated market reforms in this field. Marchuk set important tasks for employees: to prepare power plants for work in autumn and winter and to complete reforms necessary to introduce competition and lure investments necessary to restructure Ukraine's energy complex.

No Plans To Create Closed Cycle of Nuclear Production

LD1307191695 Moscow INTERFAX in English 1615 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX - UKRAINE) — Ukraine does not plan to create a closed cycle of nuclear fuel production, Minister for Environmental Protection and Nuclear Safety of Ukraine Yuriy Kostenko told a news conference in Kiev Thursday.

"We would like to build a factory for the assembly of fuel elements for nuclear power plants", the minister specified.

Kostenko recalled that uranium and zirconium ore extracted in Ukraine is used for the production of heat fuel elements (HFE — IF- U) are currently supplied to Russia to be returned to Ukraine in stock-produced assemblies.

The minister emphasized that Russian-made HFEs produce by 25 per cent less power than similar Western models. Thus, Kostenko stressed, by buying HFEs from Russia at the world price Ukraine in fact overpays heavily for power generation.

Kostenko underscored that ecologically such enterprises are cleaner than "some metallurgical works".

Besides, according to him, the construction of such an enterprise in the town of Zheltye Vody (Dnepropetrovsk region) will allow a number of social problems of this region to be resolved.

The minister emphasized that all storages near Ukraine's nuclear power plants are overstocked at the moment. More than 14 thousand used HFE assemblies are being stored at the Chernobyl NPP [nuclear power plant] alone.

The minister also stressed that Ukraine has all natural possibilities to construct such a storage having "powerful crystalene guard, powerful layers of clay and used salt mines. It is those geological formations that are used worldwide to construct storages.

Safety Licenses To Be Issued to Atomic Power Units

LD1307191295 Moscow INTERFAX in English 1615 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (INTERFAX - UKRAINE) — The practice of issuing licences to organizations operating atomic power units is being introduced in Ukraine, Minister for Environmental Protection

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and Nuclear Safety of Ukraine Yuriy Kostenko told a news conference in Kiev Thursday.

He clarified that such practices are widely used in other countries of the world to ensure a safe operation of installations.

The minister emphasized that the need for obtaining such licences will "sizably diminish" the probability of a repetition of a Chernobyl-like large-scale accident.

Kostenko said that the Collegium of Ukraine's Environmental Ministry had examined at its meeting the question of issuing licence for the operation of the sixth power unit of the Zaporizhzhya NPP [nuclear power plant] which was scheduled to be put into operation before the end of the year. He assured newsmen that the sixth power unit of the Zaporizhzhya NPP will be commissioned with an eye to the international safety standards.

Economic Issues

President Streamlines State Holdings to Three Banks

LD1307192195 Moscow INTERFAX in English 1615 GMT 13 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 13 (Interfax - Ukraine) — The Ukrainian President has signed a decree "On measures for streamlining relations between the government and Prominvestbank, Ukraina and Ukrsotsbank joint-stock commercial banks".

The decree has made it incumbent upon the Cabinet of Ministers to ensure the sellout of lease-held property to these banks.

The above banks, the biggest in Ukraine as regards the size of authorized capital and assets, have been recommended to increase their authorized capital through issuing new shares whose total face value is equal to that of state-owned property taken by the banks on lease from the state for the subsequent sale to the government.

The government's share in the authorized capital of these banks shall not be in excess of 35 per cent.

The Cabinet of Ministers has been instructed to determine government's debt to these banks by July 1 and to ensure the valuation of the state-owned property in their authorized capital.

The Cabinet is to outline a procedure for the repayment of the government debt to the banks through the dividends to be obtained from the government-held shares.

President Kuchma Issues Edict on Land Privatization

LD1307210995 Kiev UT-1 Television Network in Ukrainian 1800 GMT 13 Jul 95

[FBIS Translated Text] With the purpose of accelerating market reforms in Ukraine, stimulating efficient use of land and entrepreneurial activities, encouraging investment into social and economic development programs, and in accordance with the Law of Ukraine on State Power and Local Self-Government, the Ukrainian president issued and edict, according to which Ukrainian citizens and legal entities without any share of state property in their founding capital have the right to privatize and lease land not restricted to agricultural use for business purposes. Applications should be made at local state administrations and council executive committees where the land plot in question is located. Land plots, on which privatized enterprises are based already, are to be privatized at their owners' discretion in accordance with this edict.

The owners of privatized land plots not restricted for agricultural use have the right to own, use, and dispose of these as objects of sale, gift, bequest, exchange, loan security, lease, or by any other legal means. Land plots not restricted for agricultural use can be leased out for short and long periods up to 50 years, whereby the lessee has the preferential right to extend the term of lease for another 50 years. The right to lease a land plot not restricted for agricultural use can be also sold, given away, inherited, and exchanged in accordance with the leasing agreement.

The Ukrainian Cabinet of Ministers is to submit within two weeks draft amendments to relevant legislative acts to the Supreme Council of Ukraine.

Parliamentary Amendment to State Budget Outlined

LD1307201495

[FBIS Editorial Report] Kiev UNIAN in Ukrainian at 1530 GMT on 13 July 1995 reports on the amendment to the state budget for 1995 by the Ukrainian Parliament on 12 July. On the result of the state budget's performance in the first six months of 1995, its revenue and expenditure will now come to 1.5 quadrillion karbovantsi and 1.9 quadrillion karbovantsi respectively, producing a budget deficit of 358 trillion karbovantsi.

The National Bank of Ukraine will issue 189 trillion karbovantsi of credits, while external funding will provide another 169 trillion karbovantsi.

Revenue in the amended version of the state budget goes up by 214 trillion karbovantsi, including 33 trillion gen-

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erated by company tax collection, 11 trillion from income tax, 65 trillion of pensions fund contributions and 50 trillion of the fuel and energy complex stabilization fund.

But expenditure also rises by 241 trillion karbovantsi. This figure includes 14 trillion toward the population's welfare fund, 54 trillion of capital investment, 14 trillion to restructure the coal industry, 34 trillion to fund Chernobyl clean-up operations, and 65 trillion as a contribution to the pensions fund.

The parliament also reduced the size of a contribution to the cabinet reserve fund from 5 trillion to 3 trillion karbovantsi, with the 2 trillion saved to be channeled into the National Academy of Sciences.

Increase in International Technical Aid Detailed

LD1307162095

[FBIS Editorial Report] Kiev UNIAN in Ukrainian at 1200 GMT on 13 July reports an increase in international technical aid to Ukraine. The agency quoted Lada Pavlykivska, the director of the international technical assistance coordination agency, as telling a briefing at the Cabinet of Ministers on 13 July that, whereas it totalled almost $89 million in 1992, the amount of international aid on a bilateral and multilateral basis went up to $372 million in 1994. The largest contributors on a bilateral basis are the United States, Canada, Germany, the Netherlands, and Great Britain, and a number of international organizations, including the European Union, the United Nations, and the Organization for Economic Cooperation and Development, with the European Union's TACIS program alone yielding a total of $90.5 million between 1991 and 1995.

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Belarus

Further Reportage on Visit by Iranian Delegation

Habibi Views Foreign Policy, Oil Sale

LD1407102895 Tehran IRNA in English 1001 GMT 14 Jul 95

[FBIS Transcribed Text] Minsk, July 14, IRNA — The visiting Iranian first vice-president, Hassan Habibi, here Thursday stressed that Iran's foreign policy is mainly based on consolidation of "close and cordial" relations with the republic of former Soviet Union. Habibi made the remark in an interview with Belarus International TV channel.

Asked under what conditions Iran would sell oil to the republics, Habibi said Iran was willing to cooperate with all the republics and that Iranian officials were ready to sell oil on the basis of international regulations.

On Iran's role in Central Asia, Habibi said in view of its long-standing relations with Central Asian people, Iran was determined to have "brotherly" relations with the republics in economic, social and cultural spheres.

Asked on the relationship between the European Community, the U.S. and Iran, Habibi said except for the U.S. and the Zionist regime Iran has diplomatic ties with all countries, adding that Tehran has established "constructive and favorable" relations with international forums.

As for Iran's political and social status, Habibi said the country was experiencing gradual improvement due to its sound development planning. Despite leaving behind an eight-year-old war (1980-88), Iran has developed and its war-torn areas have been reconstructed, he added.

Habibi remarked that the pace of economic and social development in the country was to the extent that could not be compared with pre-revolution era or even the past five years.

Habibi Meets Officials on Cooperation

LD1407092195 Tehran IRNA in English 0850 GMT 14 Jul 95

[FBIS Transcribed Text] Minsk, July 14, IRNA — The visiting Iranian first vice-president Hasan Habibi here on Friday separately met with Belarus parliament speaker and ministers of foreign economy and foreign affairs.

In the meetings Habibi and Belarus officials explored fresh avenues for the expansion of Tehran-Minsk relations in the fields of economy, trade and transportation and exchanged views on matters of mutual interest.

Habibi and his entourage also inspected a car manufacturing factory in Grodno on Thursday.

Chamber of Commerce President Comments

LD1307144095 Minsk Radio Minsk Network in Belarusian 1000 GMT 13 Jul 95

[FBIS Translated Excerpt] [Correspondent Valyantsina Suchevich] My report is about cooperation between the Islamic Republic of Iran and Belarus, more precisely about cooperation at the level of chambers of commerce and industry. I was present at talks at the Belarusian Chamber of Commerce and Industry, in which the general secretary of the Chamber of Commerce and Industry and Mines of Iran, Garbati Mohammad Reza [name as heard], took part. Certain points of an agreement on cooperation at chamber level were finalized. It will be signed during the official visit of the first vice president of the friendly country, Hasan Habibi. After that I briefly interviewed the president of our country's Chamber of Commerce and Industry, Uladzimir Lyasun.

[Begin Recording in Russian] [Suchevich] Uladzimir (?Fyodaravich), what do you think: the inter-chamber agreement between our republic and the Islamic Republic of Iran — what is its purpose and to what extent is that republic of interest, advantageous, and necessary to us?

[Lyasun] The conclusion of the agreement at government level on multilateral cooperation between our countries is a very important matter. It will create good, helpful conditions for business people on the level of cooperation with that country, on the level of entry into the interesting Iranian market. We know very little about that market, but there are big possibilities there to sell our goods; in particular there is a demand for our tractors, various fertilizers, and products of the chemical industry. We can also buy goods there and import them, particularly foodstuffs and fabrics, for example, and many things which we can buy more advantageously in Iran than in other countries with which we have traditional links.

[Suchevich] And in this respect, what specifically can the agreement between the chambers do?

[Lyasun] [passage omitted] The agreement between the chambers envisages providing medium-level incentives — stimulating the development of business relations directly between producers of goods. Our task will be to ensure an exchange of information showing what we can supply to them and what we need from them in terms of Iranian goods. By means of exhibitions we shall not only show and explain what we are doing and how we are doing it, but also we shall establish contacts between business people. Our third direction

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is exchange of delegations of business people. [passage omitted] [end recording]

Lukashenka Seeks Improved Trade

WS1307145695 Minsk BELAPAN in English 1422 GMT 13 Jul 95

[FBIS Transcribed Text] President Alyaksandr Lukashenka declared that Belarusian-Iranian relations would be put on the level that existed between the two states not long ago. This statement was made by the Belarusian leader on the morning of 13 July during a dialogue with the First Iranian Vice President Mr. Hasan Habibi. "This is not normal that trade turnover between the states in which industry and agricultures are rather highly developed totalled only 1.7 million dollars," Alyaksandr Lukashenka said. The prospects of the development of economic and trade relations were also discussed at negotiations between Hasan Habibi and Prime Minister of Belarus Mikhail Chygir yesterday. The leader of the Iranian delegation, in particular, declared: "We began cooperation with Belarus too late. But, as the practice shows it is gaining strength. During the negotiations, the Iranian side confirmed its interest in the export of raw material for chemical and oil-refining enterprises in Belarus. At the same time, the Iranian side is highly interested in purchasing Belarusian tractors and field-work appliances. According to well-informed sources, during the negotiations between the leader of the Iranian delegation and President Alyaksandr Lukashenka and Prime Minister Mikhail Chygir, the possibility of the sale of weapons for the Iranian Armed Forces. [sentence as received]

On the morning of 13 July, Hasan Habibi and Mikhail Chygir laid wreaths to the monument to victims of World War II on Victory Square. Then some members of the Iranian delegation went to the Minsk tractor works. At the same time, the first sitting of the joint Belarusian-Iranian commission on trade and economic cooperation took place. In the afternoon, representatives of Iran are expected to visit the motor-car works in Zhodino.

Bank Chairman Views Stable Ruble Exchange Rate

WS1407064895 Minsk BELAPAN in English 1422 GMT 13 Jul 95

[FBIS Transcribed Text] "The stabilization of the Belarusian ruble creates favorable conditions for the growth of the economy," National Bank Chairman Stanislaw Bahdankevich declared in an interview with a BELAPAN correspondent. "Is it bad that Belarusians can buy industrial goods at stable prices? Will economic prognosis not be improved if prices are stable?" Mr. Bahdankevich declared when answering a question about the negative consequences of the stable exchange rate of the Belarusian ruble.

In Mr. Bahdankevich's opinion, the orientation of the Belarusian economy to an inefficient mechanism, for instance, it is inadmissible to preserve unnecessary jobs, hinders to make use of the stable exchange rate. The head of the National Bank expressed his perplexity about the fact that the prime minister, staying on a visit to Iran, had to look for a market for the Minsk tractor works. In his opinion, the directors of enterprises should deal with this. At the same time, Mr. Bahdankevich realizes that industrial managers have problems in their activity under the new economic conditions. Some simply cannot cope with their duties, others are prevented from taking drastic measures by trade unions.

In Mr. Bahdankevich's opinion, in order to assist production, the society should bear part of the expenses. These expenses are enormous. For instance, in the five months of this year the uninterruptedly functioning Minsk motor-cycle factory sustained losses to the amount of 3 billion rubles [R]. The sale of a tractor makes a loss of R3.7 million to the Minsk tractor works. In Mr. Bahdankevich's opinion, without a little devaluation of the Belarusian ruble (no more than 14 percent for a quarter) for production enterprises it is impossible to lift them from crisis levels.

In general, the head of the National Bank holds that the stable exchange rate has more advantages than disadvantages. That is why at the last exchange auctions the National Bank bought $35 million to maintain the rate of the U.S. dollar. "R400 billion for the financial stability of the Republic's economy is not a very high price," Mr. Bahdankevich said.

Parliament Chairman Favors 'Strong Presidency'

LD1307192595 Moscow INTERFAX in English 1642 GMT 13 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Parliamentary Chairman Mechyslaw Hryb was speaking in an interview with Interfax in the run up to the 5th anniversary of the country's independence on July 27.

IF: What do you make of the road Belarus has covered in the five years since independence.

HRYB: Five years ago, the Belarussian parliament had no other option but to follow suit by the three Baltic states, Russia, Ukraine and other republics of the former Soviet Union who declared their sovereignty.

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More than 100 countries gave recognition to the country's independence over the period which was a hard one.

Looking back, it must be admitted that many mistakes were made both on the political and economic fronts.

I think that the loss of authority and industrial control was the main political mistake made in 1990-1993 and subsequent years. But chaos started at the time of the former Soviet Union following the idea of electing industrial managers and establishing small businesses and partnerships at state-run enterprises. This was a gross mistake affecting Belarus as well.

Although the Communist Party was still alive during the 1990 general election, it was no longer in control. Nor were the local councils.

The parliamentary form of rule was non-existent. Paradoxically, the executive was in control of power though in law, this was the prerogative of the Supreme Soviet. In the absence of a clear-cut delineation of authority, the government was constantly seeking to take the upper hand over parliament. As a result , many officials held parliamentary mandates in addition to their government posts.

It can now be assumed that the Belarussian parliament made a mistake by not vesting the government with powers to run local administrations.

On the positive side, the country adopted a new constitution and elected its first president.

I have always been in favor of strong presidency but based on the rule of law.

I think it is very important to try to find ways of consolidating public effort in resolving political, state and economic issues. Government leaders must stand above any contractions at the moment and seek ways of achieving social unity instead.

IF: You had been in charge of the country for a period of six months after replacing Stanislav Shushkevich...

HRYB: In fact, I ruled the country for three months before a new head of state was elected. Even in that short timespan, I had realized that it was impossible to be parliament speaker and head of state at the same time.

I think it was very important that the parliament had been involved in drafting an economic recovery plan, with substantial parts of it being included in the existing presidential program.

IF: Did the republic always steer the policy laid down in its independence declaration?

HRYB: As a matter of fact, there were departures both from the declaration and the country's basic law, But the execution of laws is a more complicated process than drafting them.

Some say Minsk's involvement in the CIS collective security treaty is in breach of its independence declaration which states the country's neutrality and non-involvement in any military-political blocs. But Belarus does not sees the CIS security system as a military bloc.

It is entirely different from NATO. Belarus did perfectly right by joining the CIS collective security system. As a result of the break up of the former Soviet Union, its armed forces were split and the problem of arms procurement and military training is now high on the agenda.

CIS armies are interested in close cooperation in what used to be one military-industrial complex. The treaty does not bind Belarus to take sides in any armed conflict in what used to be the Soviet Union. So, Minsk was not involved in any of the conflicts and did not send any troops outside the country's territory.

Belarus is not a neutral state, it has just stated its intention to become one. We have transferred all shorter range nuclear missiles and started to transfer longer range missiles to Russia and cut back our own armed forces.

Moldova

Movement Warns of 'Unrest' Over Language Issue

AU1307185095 Chisinau BASAPRESS in English 1920 GMT 12 Jul 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 12/7/1995 — The Moldovan citizens who during the 1989 census declared themselves Romanians being in minority "cannot force their ethnic and linguistic identity upon the majority of people," Vasile Stati, leader of the "Pro Moldova" Patriotic Movement, stated to the PDAM [Democratic Agrarian Party of Moldova] newspaper ECOUL CHISINAULUI. According to him, in 1989, 2,477 declared themselves Romanians, whereas 2.795m Moldovans, 600,000 Ukrainians, 153,000 Gagauzians and 89,000 Bulgarians. The imposition of the Romanian language "will be an unprecedented violation of the right to ethnic and linguistic identity of the absolute majority of the population" and "might cause ethnic unrest and destabilize the political situation," mentioned Stati. In his opinion, "Ukrainians or Russians or Gagauzians who are more numerous than the minority calling themselves Romanians might in the same manner force their ethnic and linguistic identity upon the others." Those

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who want to change the constitutional preamble and article 13 aim at rendering "the Republic of Moldova the character of Romanian state."

Arkadi Dzyubinski of the "Pro Moldova" Steering Council said to the newspaper Snegur's statement on his leaving the PDAM "fits objectively, with or without its author's will, in the vast, complex, thoroughly thought, heavily subsidized and well directed plan of the vigilant unionist 'legion' on both banks of the Prut with the view of fulfilling the paranoiac dream of Bessarabia's reintegration with the well-known 'motherland'." Deputy Victor Cecan told ECOUL CHISINAULUI Snegur opposes the articulation "Moldovan language identical with Romanian" "just to satisfy his own political ambitions and fulfill the juridical-political theory on the existence of two Romanian states." Snegur who "claims to be the sole exponent of Moldova's foreign and domestic policies" uses the linguistic issue as "an expedient for political disputes."

Snegur Appeals for Halt To Debates

LD1307202895 Moscow INTERFAX in English 1642 GMT 13 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] The debates around the state language can have serious consequences, says an address to the people voiced by President Mircea Snegur Thursday.

He was critical of "the discussions around the problems which concern only the science." In his opinion, such debates lead "to the separation of the society in accordance with professional criteria and ethnic characteristics."

(This spring Snegur put forward a legislative initiative to introduce amendments to the Constitution so that the republic's official language would be called not Moldovan but Romanian language. This initiative has met a sharp opposition on the part of several politicians and parliament deputies - Interfax).

"We have no right to permit separation of the society and confrontation of people," he underlined.

Having noted that "he feels support of the people every day," Snegur called on Moldova's population to support the proposal of the initiative group "to start a constructive discussion of the society's pressing problems." According to Snegur, "this will be a move on the way to consolidation of all sound centrist forces."

Sources close to Snegur reported to Interfax that a meeting of the initiative group to create a pro-president public-political movement in Moldova has been scheduled for Saturday.

Dniester Betrayal Would Meet 'Armed Rebuff'

MM1307111995 Moscow SOVETSKAYA ROSSIYA in Russian 11 Jul 95 p 3

[Interview with A.A. Karaman, vice president of the Dniester Moldavian Republic, by Olga Kozlova; place and date not given: "Will Russia Really Leave?"]

[FBIS Translated Text] [Kozlova] As is well known, Aleksandr Akimovich, at the recent meeting between Moldovan President Snegur and the Russian head of state in Moscow the sides examined the questions of the 14th Army and the state-legal status of the Dniester region. Boris Yeltsin proposed that the 14th Army be replaced in the Dniester region by a newly created Russian military base, which would henceforth be known as the limited contingent of Russian troops. Snegur refused even to discuss this idea. How do you view the Moldovan president's stance in particular and the talks in general?

[Karaman] Snegur's attitude toward our republic is well known. It is more than just cool. That is why we did not expect a lot from that meeting. However, despite the attempts to discredit the Dniester region I would venture to remind people that Snegur's signature stands alongside those of I. Smirnov, president of the Dniester Moldavian Republic [DMR], and the representative of the OSCE mission on the April 1994 document conferring state-legal status on the Dniester region. Incidentally, the need to examine this question was confirmed by V. Vasev, the Russian president's special representative in the Dniester region. After all, our republic's existence is a reality. And Moldova's refusal to notice us and its desire to split and disunite us are dictated by just one thing — it wants to please its Western creditors and weaken Russia. That is why Moldova is insisting on the earliest possible withdrawal of the Russian troops from the Dniester region. As for its desire to portray the Dniester Moldavian Republic today as just one region of a "united" Moldova, this is nothing more than a subtle variation on Snegur's proposal of three years ago, when we were offered the prospect of becoming no more than an oblast with reduced elements of autonomy or the status of a trans-Dniester self-governing territory where, it was planned, the whole population would be divided into communities —Russian, Moldovan, Ukrainian, and so forth.

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[Kozlova] It is common knowledge that in the same plan Moldova was insisting on the need to create common armed forces with the Dniester region and a common security system and financial and banking system. Is that a possibility?

[Karaman] In conditions of a potential military conflict, and having learned from the bitter experience of the war with the Romanian-Moldovan separatists, we will never agree to common armed forces. Moreover, how can there be talk of a financial union when Moldova has been given more than $1 billion in credits and has clearly placed the whole of Moldova in hock for these credits. Do we have the right to place our neck in that noose? How can we agree to a common security system when all the people in the Dniester region without exception are regarded as state criminals as far as Moldova is concerned.

[Kozlova] Aleksandr Akimovich, I well recall your recent press conference at the State Duma on the results of the hearings on the 14th Army's presence in the Dniester region. Winding up the discussion with journalists, you made what seemed to me a very important statement. I am quoting from memory: "Why can we not reach agreement with the Moldovan Government? Well, it is because we have a different world outlook and a different orientation. We are moving in the same plane but in diametrically opposed directions. We face East, they face West." What does that mean?

[Karaman] Moldova's orientation toward the West is obvious. And Moldova's concrete steps in this direction, as a rule, are bound up with the upheavals in Russia. Let us recall 1992. Moldova's admission into the United Nations effectively encouraged it to unleash aggression in the Dniester region. Today, as is well known, the question of Moldova's entry into the Council of Europe has been resolved. What can we expect next?! For us, the people of the Dniester region, the main question has always been the Russian presence — military, political, and economic — on our land where so much Russian blood has been shed.

[Kozlova] B.N. Yeltsin has sent to the State Duma the treaty on friendship and cooperation between Russia and Moldova that he signed back in 1990 and the protocol to that treaty adopted in February 1995 in Almaty. What can you tell us about that?

[Karaman] The ratification of both documents would mean nothing other than Russia's voluntary repudiation of its legitimate rights and its voluntarily withdrawal from its ancient lands, that is, from the Dniester region. The very first article of the treaty speaks of the sides' recognition of the Declaration of Independence and Sovereignty of Moldova, which, according to the latter, extends to our territory, that is, to the DMR, too. Instead of leading to a settlement and peace this will lead to an even greater aggravation of tension in our region, because Russia will thereby acknowledge Chisinau's claim to sovereignty over the DMR and give it the right to eliminate our state system by armed force.

Of course, such attempts will provoke nothing but an armed rebuff on the part of the Dniester region's people, and if that happens we will have to wait a long time for peace and stability to come. In addition, Article 3 of the Treaty says that the sides will oppose actions aimed against state integrity, separatism, and so forth. This means that Russia is virtually undertaking a commitment to stop us, the Dniester people, if we go to Moscow and deport us back to Chisinau, because as far as Moldova is concerned all those thousands of us who took part in the formation of our Dniester Republic and in strengthening it and protecting it from Romanian-Moldovan aggression are criminals. It is tragic that Russia is abandoning its last small plot of land in the West. And what is the implication of Article 8 for the Russians or "fellow countrymen," as they are sometimes called now? Moldova has been transformed into a multiethnic state and non-Moldovan speakers are being ousted from all spheres of state and public life there.

During meetings with deputies in Moscow we explained the tragic consequences that could ensue from this, namely a new and bloody war against the small Dniester people — there are only 750,000 of us, after all. In the very savage war in 1992 we defended our patch of Russian land, yet today Russia is prepared to surrender us voluntarily again. That would be an act of treachery. Treachery against people who laid down their lives in defense of this land. I do not understand how a problem as important as deciding who should be on Dniester soil — NATO or Russia — can have been recently reduced to the question of the personal fate of a retired general who was out of a job or simply to working meetings between Snegur and Yeltsin without the participation of the DMR government. It seems that eventually they want to use Lebed as a battering ram. In the way that they used Vitsin in the movie "Captive of the Caucasus." They bound him hand and foot and used his head to batter the door down, and once they had succeeded they discarded him. This is a clear attempt to inflate Lebed's significance: He alone is capable of maintaining peace and order, they say, even though in fact he did a lot to inflame the atmosphere in the Dniester region. Here is just one example. General Lebed left supply depots virtually unprotected and even withdrew the air defense. We were forced to provide protection for them. Our

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air defense forces and our battalion are now providing external protection for the depots, with soldiers from the 14th Army standing at the doors. They scatter shells around deliberately when the TV reporters come to try to show that some kind of chaos exists there, that all of this could blow up at any moment, that there could be a second Hiroshima there.

It seems that the exaggerated attention paid to this man has turned his head.

The most distressing thing is that Lebed was once under Colonel Bergman's influence and was virtually under his heel. To all intents and purposes the 14th Army was not under Lebed's command but under Bergman's....

[Kozlova] What can you tell us about Bergman?

[Karaman] He is the chief of the garrison headquarters, which is supposed to monitor order and ensure that officers and men do not appear on the streets in a disorderly or drunken state. But that is not what he has been doing at all. He has hundreds of Spetsnaz in bullet-proof vests armed with machine guns who are committed to him: They are in a state of round-the- clock combat readiness and are equipped with devices for night vision and silent fire and are prepared for anything — any act of provocation. They are protecting civilian installations even though they are on another state's territory — these installations include newspaper and the editorial offices, the offices of certain private companies and organizations, and commercial structures. They operate with impunity and have often used weapons, with dire consequences. But Bergman got away with it.... How could the new commander not have been under the influence of the all-powerful chief of the garrison headquarters?

[Kozlova] Politicians, military people, and journalists have been talking more and more about your republic recently. Does it not seem to you that time will eventually clarify the situation surrounding the DMR?

[Karaman] That is of course true. However, we are well aware that our future will depend first and foremost on Russia's position today. Surely Mother Russia cannot betray her children?

Parliament Ratifies Council of Europe Charter

AU1307122695 Chisinau INFOTAG in English 2120 GMT 12 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 12/7/1995 — The Moldovan Parliament unanimously ratified the Council of Europe Charter on Wednesday, 12 July. The instruments of ratification, confirming Moldova's joining to the Charter will be handed over to the General Secretary of the Council of Europe in Strassbourg tomorrow on the day of celebration of Moldova's admission to this European organization. For participation in the ceremony a delegation headed by Prime Minister Andrei Sangheli will fly to Strasbourg tomorrow. On the same day the national flag of Moldova will be hoisted in front of the building of the European Council making Moldova the thirty-sixth country to join this European forum. Dumitru Diacov, the chairman of the Parliamentary Committee for Foreign Relations, when presenting the draft resolution on the ratification, said that this is the first of over a hundred Council of Europe documents, which Moldova is to ratify as a member nation.

Before the end of the year about ten all-European conventions and agreements are expected to be signed. Moldovan representatives will work in various structures of the European Council, particularly in the Supreme Court of Justice and the Political Committee. The republic has already received the proposal on collaboration from the Information Center of the Council of Europe, which will enable Moldova to receive information on the legislation in force in the European countries. Enjoying membership in the European Council will make Moldova entitled to assistance in human rights, justice, local government, environmental protection, culture, health care, sports, youth affairs, and mass media programs.

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Kazakhstan

Shaykenov Discusses Democratization, Constitution

954F2757A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 11 Jul 95 p 1

[Article by Gulnara Rakhmetova: "The Ministry of Justice Is an Excellent Ministry, and the Draft Constitution Suits It"]

[FBIS Translated Text] Minister of Justice N.A. Shaykenov, who is now also deputy prime minister, is the first of the members of the former and current government to manage to arrange "bilateral" relations with the press. But it would be incorrect to assert that Nagashbay Amangaleyevich has unalloyed respect for the latter. Being pragmatic in all ways, he uses the newspapers and the programs only as a means of reaching the public at large with his ideas and recruiting supporters. Journalists are already beginning to understand that this is a normal and, incidentally, mutually advantageous process of cooperation of authorities. Serious relations with the minister can be included on the list of items to his credit.

This was the subject of a news conference devoted to N.A. Shaykenov's second year in office.

The minister and deputy prime minister considers the next item to his credit to be the attention paid to problems of legal reform in society. And not only in society. The authorities have begun to distinguish a direct dependency between the economy and the law and they no longer think of the latter as an annoying interference in their supremely important affairs.

This too, in turn, encourages systematic legislative work within the framework of a unified concept. And this work is coordinated by the Ministry of Justice. The results are impressive—the Civil Code was prepared in two years (the former Supreme Council even managed to adopt it). The development of the code included laws on partnerships, registration of legal entities, licensing, and other things. Legislative acts on the "second list" are now being prepared, and among them are the land and labor codes and the code on marriage and the family.

Moreover the ministry headed by the minister carefully checks to make sure that the legislative base that is being constructed is not impaired by departmental norm setting. The arbitrariness of the ministries and departments as they cranked out administrative acts seemed to serve only one purpose—to make the life of the bureaucrat easier and to fleece the citizen. Only after registration in the Ministry of Justice does a normative act now acquire legal force.

The Ministry of Justice is now taken into account if only because the prestige of this department has been raised—class ranks have been introduced which make workers of justice organs equal to workers of the courts. The minister hopes that the times are gone when the department of which he is in charge was—pardon the bluntness—a haven for cadres with few prospects.

There is probably no need to go into another detailed discussion of the fact that during these two years the republic has opened a state legal institute where the best scholarly and pedagogical personnel are concentrated, an institute of legislation under the Ministry of Justice where the publishing house Zhety Zhargy operates, legal newspapers are being published, and so forth.

During the course of a competition declared by the Ministry of Justice an emblem of justice of Kazakhstan was created. It does not contain the age-old companions of the old system, the sword and shield, but instead it has scales. The drawing was done by Yu.N. Isakov. A gallery of artistic portraits of all former department leaders has also been opened in the ministry's building.

In a word, following the performers in one of the advertising film clips, one wants to exclaim: "The Ministry of Justice is an e-e-excellent ministry."

After the news conference we had a brief conversation with N.A. Shaykenov as a member of the expert consultative council under the president for the draft constitution.

"You are familiar with the situation in the country today," Shaykenov said. "The president's orders and decrees are not being carried out. If things keep on like this, the people themselves will want a strong hand. That has always been the case whenever chaos has prevailed in society."

[Correspondent] But, after all, the Constitution is being created to last many, many years, even centuries.

[Shaykenov] A strong state power must last for centuries. But I do not think that is what you are concerned about; today it would be hard to find anyone who is against the idea of a strong power. You are worried that all this may grow into despotism. Will the president have the opportunity to become a dictator and be in charge, as in the times of the administrative-command system, of absolutely everything—from kindergartens to the Academy of Sciences and, the main thing, the economy. But we are building a market and we are letting go of state enterprises and encouraging the property owner. Thus the president is pulling the rug out from under himself.

[Correspondent] Or the rug that would be under a despot.

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[Shaykenov] Precisely. It is possible to conduct reforms only with the participation of society, and it has already had a taste of freedom and it is not so easy to give up accumulated experience and accumulated money. Turning back the clock would require actions that are synchronized with Russia and the other CIS countries. Would Russia go along with this?

Additionally, having been a witness to the destruction of a large totalitarian power, would the president want to restore it in Kazakhstan? Do not forget about the polyethnic composition of the republic's population, for this is a weighty factor in democratization.

And, finally, about the president himself, who by nature is not inclined toward despotism. Yes, he is complicated and he is a politician, and he sometimes takes steps that only a politician would take. But on the whole he is a good person.

Based on these objective and subjective factors, we can say unequivocally that despotism is not possible here. [end Shaykenov]

Thinking this way, N.A. Shaykenov suggested discussing the question from another viewpoint as well—if in the draft all power were concentrated in the hands of the parliament. What with our general level of political culture, the deputy prime minister is skeptical about the capabilities of parliament: "It would print money and fulfill its obligations to the people of Semipalatinsk and the Aral region. But what then?"

The question about the inequality of the executive and legislative branches of power inherent in the draft is referred to as trivial by the representative of the former.

Incidentally, when he returns from his trip, during which N.A. Shaykenov will be explaining the provisions of the draft to various audiences, he promised to meet again with a correspondent of KAZAKHSTANSKAYA PRAVDA.

Daily Depicts Draft Constitution Changes

954F2759A Almaty EKSPRESS-K in Russian
11 Jul 95 p 3

[Article by Aygul Omarova: "With Nazarbayev's Constitution to a Presidential Republic: So the Papers Have Published the Draft Constitution, on Which All of Us Citizens of Sovereign Kazakhstan Are To Vote This August"]

[FBIS Translated Text] Almaty—We would note that just two years, six months have elapsed since the adoption of the current constitution. The main reason for the revision of the text of the basic law, according to the head of state, was the fact that the four questions that he had put to parliament's rating vote had to be answered. These were the question of the nature of statehood, private ownership of the land, a second official language, and dual citizenship. These issues are defined in the draft new constitution.

The text of the draft consists of eight sections—exactly twice as many as the previous one. An entirely new section—Local State Administration and Local Government—has appeared. It defines the role of the local representative authorities—the councils, to whose jurisdiction the approval of plans, economic and social programs of the development of the territory, and the local budget and also of the account of administration of the budget pertains. It should be said that these definitions resolve the problem in the localities to a large extent, as the councils had up to now been operating at their own risk inasmuch as they lacked clear-cut authority. Now they have obtained the right also to receive accounts of the leaders of the local executive authorities on the above-mentioned issues (which is reminiscent of the powers of the soviets of all levels).

Room has finally been found in the constitution also for a definition of the role of the administration chiefs, who henceforward shall be called only hakim and who are the representatives of the president and the government locally. The fact that the chiefs had hitherto expressed the interests only of the head of state and that now those of the government also have been added is interesting. This is generally correct, for the hakim represent the local organs of executive power. The councils, incidentally, shall be entitled by two-thirds vote of the total number of their deputies to express no confidence in the hakim and to raise the question of his release before the president or a superior hakim. A point that is more than attention-worthy for this means that the hakim will now be under supervision from below also.

The fact that the provisions concerning the president, parliament, and the government are presented in independent sections may be termed a new feature of the draft also. At the same time it may be emphasized simultaneously that parliament is assigned the role only of legislative body and that it has been deprived of its supervisory functions.

Parliament will consist of two chambers, as is customary throughout the civilized world, which President Nazarbayev stated in his speech at the session of the Assembly of the Peoples of Kazakhstan and at the news conference. The size of parliament has been reduced considerably, and it may be hoped that this, as also the rotation of the members of parliament contained in the new constitution, will bear fruit in the professionaliza-

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tion of the legislative body. Despite the fact that parliament is assigned a considerable place in the draft (14 articles), it may confidently be maintained that its role will be reduced to the adoption of laws.

The role of the president, on the other hand, is enhanced, for the draft recognizes Kazakhstan to be a state with a presidential form of rule. At the session of the Assembly of the Peoples of Kazakhstan, incidentally, big arguments were caused by clause 4 of Article 40. The writer Engels Gabbasov, secretary of the Small Assembly of West Kazakhstan Oblast, declared bluntly that such an entry was doing "the president a bad turn" since it is absolutely at variance with the democratic principles proclaimed by our country. According to what the head of state said at the news conference devoted to the draft new constitution, he insisted that this clause be removed, and this clause is absent from the text which appeared in the press. But some analysts are inclined to the belief that this clause will reemerge in the course of the "public discussion" and will, most likely, be adopted at the referendum.

Mention has to be made also of the fact that the draft contains the bases of the impeachment of the president and the head of state's dissolution of parliament.

In Section Five, which defines the role of the government, clause 3 of Article 64 points out: "The competence and the procedure of the organization and activity of the government shall be determined by constitutional statute." Consequently, following the referendum, there will be a law on the Cabinet of Ministers. The block of constitutional statutes, for that matter, is to appear immediately after the referendum, as the head of state himself and Justice Minister N. Shaykenov (appointed deputy prime minister the day the constitution was published) have said.

It is natural that much space in the draft new constitution is assigned to legal matters. The unification of the courts of general jurisdiction and the courts of arbitration, the appointability of judges and the choice of candidates for the office of judge by a qualifications commission, and the separation of investigation into an independent subdivision may be termed new.

The Public Prosecutor's Office retains supervision of the execution of the laws. And, further, the prosecutor general is now appointed and released only by the president, whereas he used to be appointed, according to the current constitution, by the Supreme Council.

There is one further significant difference from the text of the current constitution. Clause 3 of Article 4 of the General Provisions section says: "International treaties ratified by the Kazakh Republic shall take precedence over its laws and shall apply directly, except in instances where it follows from the international treaty that for its application the promulgation of a law is required." A significant point, if it is considered that Kazakhstan has not as of this time signed some agreements concerning human rights.

The draft contains a number of provisions which, upon close reading and analysis, appear as hollow slogans rather. Thus clause 1 of Article 17 says: "Dignity of the person is sacred." Perhaps this was done in accordance with international standards, but it contains nothing aside from the declaration, as is the case with Article 14, for there have not up to the present been instances of some bureaucrat from the higher echelons of power appearing before the court on a charge of unlawful deeds, and if he has so appeared, he has not been found guilty.

Generally, the month's time allotted for discussion of the draft new constitution puts all of us in an awkward position, because months are needed for the comprehension of each article. Otherwise it will have to be acknowledged that this constitution also could undergo revisions in 18 months to two years or so.

Kyrgyzstan

Government Moves To Cut Nonessential State Spending

LD1307201295 Bishkek Kyrgyz Television Network in Russian 1430 GMT 13 Jul 95

[FBIS Translated Text] Due to the difficult financial situation and the need to carry out a tough policy on the economical use of state funds, the Government of the Kyrgyz Republic has adopted a resolution on certain measures to cut budget expenditures:

1. To ban ministries, state committees, administrative departments, regional, district and city state administrations, local authorities of the cities of Bishkek and Osh, enterprises, organizations, and institutions from:

— using state funds to construct monuments, hold jubilees, banquets, festivals, celebratory days, and other ceremonial measures, with the exception of those established by resolutions of the government of the Kyrgyz Republic;

— acquiring vehicles, expensive furniture and equipment, or carrying out capital repairs of buildings from sponsors' funds.

2. To cut the maintenance costs of the apparatuses of ministries, state committees, administrative departments, regional, district and city state administrations,

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local councils of the cities of Bishkek and Osh, enterprises, organizations, and institutions that are funded from the budget, at all levels, by 30 percent.

3. To warn the heads of ministries, state committees, administrative departments, enterprises, organizations, and institutions, heads of regional, district, and city state administrations, heads of local councils of the cities of Osh and Bishkek that they bear personal responsibility for the targeted and economical use of budgetary funds, in accordance with Paragraphs One and Two of this resolution.

4. When carrying out checks the State Financial Inspectorate under the government of the Kyrgyz Republic is to take note of the measures that are being taken by heads at all levels in order to implement this decree.

5. Supervision of the implementation of this decree rests with the Ministry of Finance of the Kyrgyz Republic.

6. Government resolution No. 637 of the Kyrgyz Republic of 29 December 1992, on restricting the use of state funds for jubilees, festivals, and other ceremonial measures is deemed null and void.

Presidential Edict Assists Small Businesses

LD1307150795 Bishkek Kyrgyz Radio First Program Network in Russian 0500 GMT 13 Jul 95

[FBIS Translated Text] President Akayev signed an edict on 12 July on additional measures to support the most vulnerable sectors of the population. The main task of the decree is to assist the development of small business among the vulnerable groups in society.

According to the edict, it is planned to implement the World Bank program in Kyrgyzstan to support the badly-off sectors of the population through the development of initiatives. This is the realization of an idea expressed by Kyrgyz President Askar Akayev in Paris in June 1994.

The main aim of the program is to support the badly-off sectors of the population through involving them in entrepreneurial activities, developing small businesses among the vulnerable groups of society, and developing the appropriate infrastructure in the country.

A national commission is to be formed to coordinate this program, led by Labor and Social Protection Minister Khakimov. Taking into account the complicated economic and financial situation in the republic, this is the best way to reduce unemployment in the republic and to provide social protection for the people. When implementing the program, the support of badly-off sectors of society through the development of initiatives, the people [word indistinct] who volunteered to start their own businesses are to gain access to small-scale credits and financing and technical consultation of the [word indistinct], farmers, and so on. Proposals have already come in from 80 organizations and groups of people in the Naryn, Osh, Issyk-Kul, and Chuy regions.

In fulfilling the program it is planned to study and highlight the strategy for the development of private initiatives. It should be noted that if the program is successfully implemented, the possibility exists of receiving additional funds from foreign donors.

This edict of the president [words indistinct] the population and will assist the development of enterprise and private initiative and give an impetus to improving people's living standards.

Presidential Edict Boosts Food, Light Industries

LD1307133095 Bishkek Kyrgyz Radio First Program Network in Russian 1300 GMT 12 Jul 95

[FBIS Translated Text] Edict of the president of the Kyrgyz Republic:

With the aim of insuring the stable work of enterprises in light industry and the food industry, and of procuring agricultural produce for processing, I decree:

1. The Government and the National Bank of the Kyrgyz Republic is to find 100 million soms for the purchase of agricultural produce; reregister the debts of light industry enterprises to banks and other creditors as long term debts to the state, according to a list approved by the Government of the Kyrgyz Republic; complete the registration of contracts with foreign investors under the seasonal procurement of agricultural raw materials; take measures on the repayment of agricultural loans. This year's [agricultural] produce is to be directed toward supporting enterprises in light industry.

2. With the aim of restoring the financial situation, raising the effectiveness of management, and creating conditions for the whole processing complex in the republic to carry out enterprising work, the government is to introduce external management at enterprises in the light and [food] processing industries which have unsatisfactory economic and financial indicators.

3. A special fund under the Ministry of Finance of the Kyrgyz Republic is to be set up in order to organize the financing of the processing branches of industry and the seasonal procurement of agricultural produce. The Government of the Kyrgyz Republic is, within a month, to work out and approve the provisions on this special fund.

[Signed] President of the Kyrgyz Republic Askar Akayev

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TV Comments on Decision

LD1307144195 Bishkek Kyrgyz Television Network in Russian 1430 GMT 12 Jul 95

[FBIS Translated Text] President Askar Akayev signed an edict today on measures to insure the stable work of light and food industry enterprises of the Kyrgyz Republic.

Here is a commentary on the edict:

This edict was the result of the work of a group of specialists tasked by President Akayev to find ways to support the two most important sectors of industry. It is known that hundreds of thousands of workers were employed at these enterprises. It was their goods that went for export, making it a substantial source of budget revenue. Today many plants and factories are idle for various reasons which were mentioned by Akayev in his recent speech at the government session and the session of the heads of law enforcement agencies.

Despite the paucity of the budget, scope has been found for funding the purchase of agricultural goods — valued at 100 million soms — as well as for granting long-term deferment of repayments to enterprises with credit debts — totalling 131 million soms. The president considers it particularly important that enterprises which have a real sales market for their products today, as well as those which have found local and foreign investors who are ready to fund the products of manufacturing enterprises, should receive these funds. In addition, support will be granted under the decree to direct producers of agricultural goods, who supply the light and food industries.

Government Adopts Resolution on Information Center

LD1407132595 Bishkek KABAR in Russian 1010 GMT 13 Jul 95

[FBIS Translated Text] The Government of the Kyrgyz Republic has adopted a resolution "On Setting Up a National Information Center of the Government of the Kyrgyz Republic." It says that the National Information Center of the Government of the Kyrgyz Republic will be based on the National Information Center of the Ministry of Education and Science of Kyrgyzstan.

The statute of the National Information Center of the Government of the Kyrgyz Republic has been approved.

As the statute sets out, the National Information Center (NIC) is the central scientific and coordinating institution of the Kyrgyz Republic for implementing state policy in the sphere of information technology, developing information networks, and the scientific and technical information system. Among the main functions of the center are: systematic collection, handling, and analysis of domestic and foreign sources of scientific, technical, economic, and other data on important development trends in the Kyrgyz Republic, including the sphere of information technology and scientific and technical data; carrying out the drafting and coordination of legislative and normative acts and development programs in the sphere of information technology and scientific and technical information; forming information resources by setting up databanks of specialized and general information of state use; setting up its own fund of information material on the basis of the Republic's Scientific and Technical Library; supplying the state structures of the Kyrgyz Republic with information material, as well as rendering services to enterprises, organizations, and private persons on a contract basis.

Talks Focus on Oil, Gas Imports From PRC's Xinjiang

LD1307162395 Bishkek Kyrgyz Radio First Program Network in Russian 0500 GMT 12 Jul 95

[FBIS Translated Text] Preliminary talks on China's Xinjiang-Uighur Autonomous Region supplying gasoline in exchange for Kyrgyz electricity have been held between a Xinjiang government delegation and the government of Kyrgyzstan. The meeting was held within the framework of an exhibition of export goods from Xinjiang that opened in Bishkek.

About 12,000 tonnes of oil are extracted in Xinjiang every year. The region's leadership is ready to add refined oil products to the list of Chinese exports to Kyrgyzstan. According to unofficial sources, Chinese gasoline costs about $170 a tonne.

However, what interests them most of all is bringing the produce of their 776 industrial enterprises onto the market. Their potential is demonstrated at the exhibition, which presents the most worthy Chinese [word indistinct] and goods from exclusively state companies and firms. At the exhibition of town and district enterprises in this remote northwestern province of China there are not only bicycles and various sorts of leather, haberdashery, and knitwear goods, but also production lines for beer, paper made from reeds and cotton waste, and even computers.

Country Plans to Open Embassy in Tehran

LD1307133495 Tehran IRNA in English 1238 GMT 13 Jul 95

[FBIS Transcribed Text] Moscow, July 13, IRNA — Prime Minister of Kyrgyzstan Apas Jumaqulov expressing hope that his country would soon open an embassy in Iran called on Thursday [13 July] for further

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expansion of cooperation and closer ties between the two countries in all domains.

Jumaqulov made the remark in a meeting with Iranian Ambassador to Kyrgyzstan Morteza Tavassoli in the Kyrgyz capital where the two also discussed matters of mutual interest in areas of mining, telecommunication, manufacture of motor cars and transit of goods.

The prime minister of Kyrgyzstan expressed his satisfaction with the growing relations between the two countries and emphasized the importance of furthering bilateral cooperation and establishing joint corporation for investment.

He also hoped that his country's embassy will open in Tehran very shortly.

Jumagulov also referred to an invitation recently extended to Iranian President Akbar Hashemi-Rafsanjani to visit Kyrgyzstan and expressed hope that the Kyrgyz people would soon manage to welcome the president and other high ranking Iranian officials in their country.

Tajikistan

Aide Claims Leadership Favors Political Pluralism

LD1307211995 Moscow ITAR-TASS in English 1911 GMT 13 Jul 95

[By Galina Gridneva]

[FBIS Transcribed Text] Dushanbe, July 13 (ITAR-TASS) — Pursuing the course of creation of a civic secular state and further democratization of the society, the Tajik leadership hails setting up of political parties and movements, as well as independent mass media as an integral factor of any civilized society, Tajik President's First Aide Saidmurad Fattoyev said in an exclusive interview with Itar-Tass on Thursday.

According to Fattoyev, a number of political parties, which have the right to legislative initiative through their representatives in the national parliament, are now functioning in the country.

Touching upon the banning of some parties, he said their activities were prohibited in spring of 1993 by a Supreme Court ruling on charges of violation of their own statutes and programs which manifested itself in the formation of armed units aimed at overthrowing the constitutional system and unleashing a civil war in 1992. In his words, an initiative group of the former democratic party is currently in the country. The party leaders have announced their breaking off with the armed opposition and denounced force methods of the struggle against the constitutional government. Now they are working on the documents for registration in the Ministry of Justice which will be thoroughly considered.

The Tajik society needs a healthy constructive opposition which will have the right to its own approach to the way out of the social, political and economic crisis, to defend its views by parliamentary or any other civilized means. The Tajik government and the people will never allow to create military units since they remember too well the tragic consequences of the civil war, the President's Aide said.

Speaking of the problems of the salvation of the inter-Tajik crisis and peaceful political settlement, Fattoyev stressed that the Tajik leadership works on the preparation of the next round of inter-Tajik talks. The terms of the talks are likely to be fixed during the visit by U.N. Secretary-General's special envoy Ramiro Piriz Ballon who is expected to arrive in Dushanbe after July 20 for consultations with the Tajik leadership.

Government Denies Regular Troops Involved in Unrest

LD1307164295 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 13 Jul 95

[FBIS Translated Text] Among the questions put to Deputy Prime Minister Mahmadsaid Ubaydullayev at the news conference on 11 July were the crime situation in the Kurgan-Tyube area of Khatlon Region, and the state of military discipline in the 1st and 11th Brigades of the republic's Defense Ministry that are stationed in Kurgan-Tyube. The journalists's concerns were not without foundation, since rumors that soldiers from some units are involved in breaking the law have been circulating in the republic.

Here are First Deputy Prime Minister Mahmadsaid Ubaydullayev's comments on the situation.

[Begin Ubaydullayev recording] The situation itself has undoubtedly been stable, and the trip of esteemed President Emomali Sharipovich Rakhmanov, who visited Kurgan-Tyube, Kalininabad, and in all other districts of the Vakhsh valley is evidence of this.

Unfortunately, so far we have been unable to obtain precise or accurate information about the fate of Akobir Jum'ayev, deputy chairman of the Khatlon regional government. But a search [word indistinct] is under way in this case.

At present we have sufficient authenticated evidence on who it was that is committing all these acts, and we cannot say that these people are military servicemen of the 11th Brigade. According to the facts, these people were released from military service long ago. Moreover, they have been on the wanted list and every effort is now being made to find and isolate them.

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As for the situation in these organizations, just two days ago more than 200 military servicemen in the 11th Brigade took the military oath. All the work carried out... [pauses] there are approved programs.

As for the 1st Brigade, it is stationed mainly outside the territory of Kurgan-Tyube, in a district where they have been assigned their designated functions and duties. Preparations are under way for more than 180 conscripts to take the oath today and tomorrow.

So we cannot say that either the 1st or the 11th Brigades are out of control. These brigades were set up by the government, and if necessary the government will disband, amalgamate, or transfer them to other organizations or other assignments at any time.

We will make the decisions, not them. Officers and soldiers must obey the service regulations. [end recording]

Opposition Assails 'Rounding Up' of Members

LD1307205095 Tehran IRNA in English 1922 GMT 13 Jul 95

[FBIS Transcribed Text] Dushanbe, July 13, IRNA — Opposition groups in Tajikistan say Tajik security police has recently rounded up scores of Muslim members of the opposition and that many of them have died during interrogation.

Zafar Rakhmanov, a representative of the opposition in Tajikistan and chairman of a watchdog committee that oversees ceasefire between the government and opposition in this Persian speaking Central Asian republic, told IRNA here today that the rounding up of the opposition by the Tajik Government troops was in violation of the ceasefire agreement.

He said most of the opposition members had been pulled out of their homes by masked security officers, the bodies of at least eight of them found on the outskirts of Dushanbe, and the whereabouts and the fate of at least half of them yet unknown.

The representative of the opposition rejected claims of Tajik security officers having been killed as a result of clashes with the opposition, saying police officers in Tajikistan had been killed as a result of growing differences between them and the security police, while the government tries to blame the opposition in a bid to conceal the difference between the two.

The chairman of the ceasefire commission said that according to agreements between the two sides all arrests as well as pre-trial executions had to be discontinued.

The ceasefire in Tajikistan is to continue for another 45 days.

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Armenia

Karabakh Official: Azerbaijani Demands 'Unacceptable'

NC1307212695 Yerevan Radio Yerevan International Service in Armenian 2000 GMT 13 Jul 95

[FBIS Translated Text] The Minsk conference discussions could start today. Every prerequisite to do so has been met. However, by making unacceptable demands to Karabakh and the mediators, Azerbaijan is preventing the conference from being held. It is also preventing international peacekeeping forces from being deployed. Semyon Afian, Nagorno-Karabakh Foreign Ministry press secretary, said this to reporters in Stepanakert.

First, Baku wants to deploy peacekeeping forces between Azerbaijan and Armenia. Afian says that Karabakh does not accept this because Azerbaijan will cause Nagorno-Karabakh to be isolated from Armenia. The Azerbaijani side is trying to convince the mediators that control should first be reestablished over the Lachin humanitarian corridor. Stepanakert says this is unacceptable, arguing that Lachin is not located on the front lines and that thus, the sides are not there to be separated. Afian also noted that the Lachin corridor is the only link Nagorno-Karabakh has to the outside world and that controlling it will create new problems in supplying food to Nagorno-Karabakh.

According to the press secretary, Baku demands that the Karabakh Armed Forces be withdrawn from the territories before the Minsk conference meets. Semyon Afian said this is an unusual demand because if Karabakh does this, the Azerbaijani Army could occupy choice positions on the front line, and then resume military operations against the Karabakh Armenians.

The press secretary stated that the Karabakh side demands that disengagement forces be deployed along the front line. Both sides' interests should be equally maintained throughout the negotiations.

The press secretary added that both the Minsk Group leadership and the co-chairmen of the Minsk conference are satisfied with Nagorno-Karbakh's positions on the critical issues.

Karabakh Supports Introduction of Peacekeepers

LD1307211495 Moscow INTERFAX in English 1732 GMT 13 Jul 95

[FBIS Transcribed Text] Yerevan, July 13 (INTERFAX) — Introducing detachments of international peacekeeping forces and observers into the zone of the Azerbaijani-Karabakh confrontation "would have a favorable influence on the search for ways to achieve a final political settlement to this conflict," a top-ranking official from Nagorno-Karabakh's Foreign Ministry said in an interview with Interfax Thursday.

At the same time, he noted, while solving the issue on the introduction of peace-keeping forces, the Karabakh side "puts forward several demands primarily related to their stationing between Stepanakert and Baku rather than between Baku and Yerevan."

Implementation of the last proposal, the diplomat said, would lead "to the separation of Armenia and Nagorno-Karabakh, sought by Azerbaijan."

Karabakh leaders also want Turkish detachments to be excluded from the lists of peacekeepers, because as Stepanakert believes, Turkey's position "remains overtly pro-Azerbaijan," the diplomat said.

In his words, Azerbaijan and the international community should give guarantees to the Karabakh republic that "military operations will not be resumed."

The Karabakh diplomat believes that about 4,000 peacekeepers and 300 observers are needed to keep the peace in the conflict zone.

According to him, special attention should be paid to the control over Azerbaijani aviation, which "can be used to inflict bomb strikes against the population of Nagorno-Karabakh."

Azerbaijan

Russian Federation Council Chairman Shumeyko Arrives

NC1307204595 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 13 Jul 95

[FBIS Translated Excerpt] Russian Federation Council Chairman Vladimir Shumeyko, who is on a tour of the Caucasus, ended his official visit to Georgia today and arrived in Baku. He wants to learn about the three republics, focussing on ways to resolve the problems in the Caucasus and obtain the presidents' consents to hold a conference on this. This initiative was launched by Russian President Boris Yeltsin.

[Begin unidentified correspondent's recording] Vladimir Shumeyko, chairman of the Russian Federation Council and the CIS Parliamentary Assembly, was received at Baku's Bina airport by Rasul Guliyev, chairman of the Azerbaijani Supreme Soviet; Arif Rehimzade, first deputy chairman of the Supreme Soviet; Yashar Aliyev, deputy chairman of the Supreme Soviet; parliamentarians; Russian Ambassador to Azerbaijan Aleksandr Blokhin; Azerbaijan's Ambassador to Russia Ramiz

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Rizayev; and other officials. [passage omitted] [end recording]

Proposes Caucasus Leaders Meeting

LD1307195195 Moscow ITAR-TASS in English 1918 GMT 13 Jul 95

[By Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Transcribed Text] Baku, July 13 (ITAR-TASS) — Vladimir Shumeyko, chairman of the Federation Council of Russia, called to intensify measures to establish peace in the Caucasus.

He flew to Baku from Tbilisi today within the framework of his three-day official visit at the invitation of the Supreme Soviet of Azerbaijan.

It is necessary to put an end to separatism and wars in the Caucasus, return refugees to their homes and establish durable peace, the speaker stressed.

With this end in view, leaders of Azerbaijan, Georgia, Armenia and the republics of the North Caucasus should meet once and consider all the problems thoroughly, Vladimir Shumeyko said. He noted that this idea came from President Boris Yeltsin.

Vladimir Shumeyko informed that the proposal to hold such a meeting scheduled approximately for September, was backed by the Georgian leadership, and he hopes that president Heydar Aliyev of Azerbaijan will also support it.

Aliyev Receives OSCE Delegation on Karabakh Conflict

NC1307185495 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 13 Jul 95

[FBIS Translated Excerpt] President Heydar Aliyev today received a delegation headed by Valentin Lozinskiy and Heikki Talvitie, the co-chairmen of the OSCE [Organization on Security and Cooperation in Europe] Minsk Group.

[Begin unidentified correspondent's recording] President Heydar Aliyev told the delegation that Azerbaijan is interested in continuing the OSCE Minsk Group's talks on resolving the Karabakh conflict. He said he pins great hopes on the Minsk Group's activity, even though the talks have not yet produced the desired results.

Mr. Talvitie, co-chairman of the Minsk Group, who is from Finland, relayed the Finnish president's greetings to Heydar Aliyev. He noted that the two presidents' New York meeting had favorably influenced their relations. The Finnish diplomat said it is important to speed up the process following the talks in Moscow and Helsinki on resolving the Karabakh knot and to [words indistinct] achieve concrete results on the difficult, emotional issues.

Mr. Lozinskiy said ending military operations in the region is what his country wants. He also said the Minsk Group countries have prepared concrete proposals on this.

Heydar Aliyev mentioned the sentiments shown to Azerbaijan by the former Finnish leaders (?Kekkonen) and (?Koyudosto) on the need to continue this tradition. He also mentioned Russian President Boris Yeltsin's efforts to help resolve the Karabakh problem.

The Azerbaijani president stated that the Republic remains committed to the peace process, provided that its territorial integrity is ensured and the refugees are returned. The president noted that international laws have been violated in Azerbaijan. He added that when this happens, the aggressor country does not have the right to victory through the use of force; Armenia will not be able to achieve its wrongful intentions if its demands, based on international law, have honest international defenders. [passage omitted] [end recording]

Foreign Minister Meets Minsk OSCE Conference Heads

'Key Problems' Discussed

LD1307162895 Moscow ITAR-TASS in English 1307 GMT 13 Jul 95

[By Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Transcribed Text] Baku July 13 (ITAR-TASS) — Political consultations to settle the Armenian-Azeri conflict began here today with a meeting between Azeri Foreign Minister Hasan Hasanov, on the one hand, and Russian and Finnish co-Chairmen of the OSCE [Organization for Security and Cooperation in Europe] Minsk Conference on Nagorno-Karabakh — Valentin Lozinskiy and Heikki Talvitie, on the other.

The sides are to discuss some key problems, which must include, the Azeri side insists, the liberation of all the occupied territories, including Shusha and Lachin, the two district centres — one inside Nagorno-Karabakh and the other on the border with Armenia, in the zone of the so-called humanitarian corridor. The participants of the consultations have agreed that these and other problems linked with the settlement of the conflict should be reflected both in a corresponding detailed plan, indicating the mechanisms and deadlines for resolving each one of them, and also in corresponding documents, including a political peace treaty, which,

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if both sides agree, is to be signed by Azerbaijan and Armenia.

The OSCE mission is expected to meet Azeri President Heydar Aliyev today.

'No Marked Progress' Noted

NC1307194295 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 13 Jul 95

[FBIS Translated Text] In a briefing [to Azerbaijani Foreign Minister Hasan Hasanov] on the Moscow and Helsinki talks that had been held since their last meeting, Mr. Heikki Tavlitie said although no marked progress was achieved at these talks, the positions of the sides have gotten closer. Further, specific details need to be discussed.

Valentin Lozinskiy, co-chairman of the OSCE [Organization on Security and Cooperation in Europe] Minsk Group, said Russia's active mediation at the talks is an effort by his country to resolve the Karabakh conflict. He said it is time to discuss the fundamental issues at the Armenian-Azerbaijani talks. He also noted that the sides are far apart on these issues. He proposed drafting additional documents to achieve a consensus.

Foreign Minister Hasan Hasanov said the failure to resolve the fundamental differences yet this year was due to some mediators' efforts to put this issue into the background. Nevertheless, he declared that when the Minsk Conference meets, Azerbaijan will be ready to sign the important political agreement after the Armenian Armed Forces withdraw from the occupied lands and the indigenous people return to their homes.

OSCE Mediator Kazimirov on Prospects for Settlement

NC1107172395 Baku TURAN in English 1641 GMT 10 Jul 95

[FBIS Transcribed Text] Baku/10.07.95/TURAN — "The norms of the international law remain the basis for the settlement of the Armenian-Azeri conflict. These norms are fixed in the UN Charter, Helsinki Final Act, the documents of the OSCE, in particular in the decision of the OSCE Budapest Summit," TURAN was told by the representative of the Russian co-chairman of the OSCE Minsk Conference Vladimir Kazimirov. Kazimirov did not answer concretely the question which of the possible options of the status — the independent Nagorno-Karabakh, Nagorno-Karabakh entering Azerbaijan or Nagorno-Karabakh entering Armenia will be the basis for achieving proper and long-term peace in the region. "We think that only one of these options is real. I will not say which one. I leave to you interpretation and concretisation of my answer," Kazimirov said.

While solution of the conflict "we oppose contradiction of one international principle to the other. They should be taken complexly and the realities should be taken into consideration. One must understand that no one will win or fail in that conflict, the parties must be ready to draw," he noted.

Concerning the question on reasonability of the discussion of the question on the security of Nagorno-Karabakh separately from the security of the region Kazimirov said that that question was discussed only because it had been proposed by Armenia. "Discussion of the question on the regional security was not proposed to the representatives of the OSCE though we appealed to the authorities which key problems they would like to discuss first. We undertook that all questions proposed by the warring parts would be discussed during negotiations. Azerbaijan named two: the problem of Lachin and the problem of Shusha. The Karabakh Armenians named three problems: security of Nagorno-Karabakh, status of Nagorno-Karabakh and the problem of the Armenian refugees from northern Karabakh and Baku. Armenia did not note its key problems but supported the proposals of Nagorno-Karabakh. Just that is why we discuss the problem of Nagorno-Karabakh as the key problem.

According to Kazimirov, presently, the parties begin to increase the rates instead of forcing the Major Political Agreement which would allow to liberate the occupied territories and to return the refugees to their native places. They are not satisfied because Major Political Agreement do not solve all problems of settling. "Trying to obtain more, each party expresses unsatisfaction then that agreement do not take into account its interests. So, each party supports not stage by stage but the pact agreement, that means total settling of the conflict, but not only at the Minsk conference but in that agreement," Kazimirov noted.

"Will Armenia step towards Azerbaijan in the resolution of Lachin and Shusha problems, will Azerbaijan answer the concern of Nagorno-Karabakh on security, on the status and other questions? That is the present stage of works," Russian diplomat noted.

Aliyev Favors Restoring Economic Links With Russia

LD1307175595 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] Baku, July 13 (INTERFAX) — Baku gives priority to relations with Moscow, Azerbaijani President Heydar Aliyev said today when receiving the credentials from the new Russian Ambassador to Azerbaijan, Aleksandr Blokhin.

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Aliyev said Azerbaijan and Russia were linked by centuries of friendship. "Baku is going to continue developing and strengthening relations with Moscow in the future," he went on to say.

Aliyev said he was in favor of "restoring economic relations with Russia which have recently been disturbed." He emphasized the importance of the agreement on fully renewing transport communication between Azerbaijan and Russia signed a few days ago.

Aliyev said that "some negative moments were observed at the beginning of the 1990s, in particular the introduction of Soviet troops to Baku which involved numerous casualties." "All this should be blamed only on the former Soviet leadership," he added.

Aliyev voiced the hope that relations between Azerbaijan and Russia would get stronger and stronger in the future.

Georgia

Russian Council Chairman Shumeyko Continues Visit

LD1307123695 Moscow Radio Rossii Network in Russian 1000 GMT 13 Jul 95

[FBIS Translated Text] The visit by [Russian] Federation Council Chairman Vladimir Shumeyko to Georgia is continuing. Our correspondent Nikolay Mamulashvili reports from Tbilisi:

[Mamulashvili] Interest in Shumeyko's visit is high for many reasons. First of all, the country's public is interested in everything connected with Abkhazia — to be more precise, in Russia's position with regard to this region. I would like to remind you that it was the Abkhazian conflict which became the main topic of discussion at Shumeyko's numerous meetings. It included issues relating to the return of the refugees, and the role and functions of the Russian blue berets contingent in the conflict zone. Shumeyko said Russia does not always have a clear-cut position with regard to the Abkhazian conflict.

As regards the agreement on cooperation between the parliaments of Georgia and Russia, which was signed by the Federation Council chairman and the Georgian head of state, Shevardnadze expressed the idea that this agreement has laid a good sound base for relations between the two parliaments. Shevardnadze went on to say that this was what was discussed with the Russian president during his visit to Georgia.

On 13 July Vladimir Shumeyko together with Eduard Shevardnadze is taking part in an international forum For Solidarity, Against Intolerance, and for a Dialogue of Cultures. The high-ranking guest also plans to visit Georgia's ancient capital, the town of Mtskheta, and to hold a meeting with representatives of the republican Russian-Georgian friendship society and with members of the Tbilisi center of Russian culture at the Griboyedov Russian drama theater.

Says Russia To Boost Military Ties

LD1307172895 Moscow ITAR-TASS in English 1443 GMT 13 Jul 95

[By Lyudmila Yermakova and Albert Kochetkov]

[FBIS Transcribed Text] Tbilisi, July 13 (ITAR-TASS) — Visiting speaker of the upper house of the Russian parliament Vladimir Shumeyko positively assessed Russia's military presence in the Caucasus.

Special treaties have been concluded with Georgia and Armenia. The Russian parliament has not yet ratified the treaty with the latter, only agreeing to consider it, Shumeyko said at a news conference on Thursday.

Although he expressed hope that a war in would never break out, he said that an army was a basis of national security. "A strong army implies a strong state, and it helps protect the economic situation both at present and in the future," he said.

Russian military presence in the region will also help Georgia safeguard its economic and strategic interests, he said.

"We have staked a claim here, and we do not want a third party (to interfere); we are able to solve our problems by ourselves," Shumeyko stressed.

At the same time, he expressed discontent with the interference of the United States in the Caspian oil issue, for all his respect to the nation.

Georgian parliament speaker Vakhtang Goguadze, also present at the news conference, said he had appealed in a speech in parliament to the MPs to ratify the treaty on the Russian military base in the republic, since "it stipulates, among other things, the upbuilding of Georgian armed forces with the help of Russian military".

Holds News Conference

LD1307182195 Tbilisi IPRINDA in Russian 1300 GMT 13 Jul 95

[FBIS Translated Text] Tbilisi, 13 Jul — Vladimir Shumeyko, the chairman of Russia's Federation Council, held a news conference in Tbilisi today on the results of his official visit to Georgia.

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Comparing two figures, as Shumeyko put it, who caused similar damages — Ardzinba and Dudayev — Shumeyko said that the Russian Prosecutor's Office has launched a criminal case against the latter. This is not the case with Ardzinba, because Abkhazia is not under Russia's jurisdiction, he said. Ardzinba is a man who initiated the policy of genocide and extremism, Shumeyko said, and added that it is essential to enter into negotiations with him, but no one had to regard him as a head of state. He said that some politicians in Russia took Ardzinba's side, trying to gain points in the election campaign by posing as defenders of compatriots (there are few Russians remaining in Abkhazia).

Answering a question on double standards in Russia's policy with regard to Abkhazia, Shumeyko said that Russia as a state, President Yeltsin, and other politicians did not act by double standards. However, he recalled that 172 Duma deputies had supported Zatulin's proposal, thus taking an extreme stand. There is no double standard, he said, and added that Russia comprehended its historical commitments for Georgia.

Having emphasized the good relations between Georgia and Russia, Shumeyko said that Russia will help Georgia to restore its economy by strengthening energy structures. He also emphasized the necessity of restoring old market.

Speaking of the new Georgian Constitution, Shumeyko said he would rather that the Georgian Supreme Council adopted the draft constitution without submitting it for a referendum. This is a simpler and faster way, he said.

Speaking of Russian military bases in Georgia, Shumeyko said it was expedient to have them in Georgia because it will protect the interests, primarily economic, of both Georgia and Russia.

Every politician should defend the interests of his country, Shumeyko said. I do not like the fact that the United States began to dictate its conditions on how to manage the Caspian Sea. I respect the United States, but I do not give a damn for whatever interests American commodity producers have.

Shevardnadze: Refugees May Return to Gali District

LD1307121695 Moscow INTERFAX in English 1032 GMT 13 Jul 95

[FBIS Transcribed Text] Tbilisi, July 13 (INTERFAX) — Refugees may begin to return to Gali District in Abkhazia tomorrow or the day after, unless some unexpected obstacles arise," Georgian leader Eduard Shevardnadze said Thursday in answer to an Interfax question.

As he said, "the final results" of debates on the practical issues connected with the return of the refugees will be known in a couple of days.

Currently negotiations concerning the return of refugees are being conducted with the Abkhaz side by the commander of Russian peace-keeping forces in the Georgian-Abkhaz conflict zone, Vasiliy Yakushev, and Georgia's Defense Minister Vardiko Nadibaidze.

Shevardnadze described the state of affairs in the security zone along the River Inguri, which divides Abkhazia and Georgia, as "relatively calm."

In comments on the earlier warning by the president of the self- proclaimed Republic of Abkhazia, Vladislav Ardzinba, as to the "danger" of stepping up the return of refugees, Shevardnadze said: "Ardzinba is always against it."

The Georgian leader thanked the Russian government for having been the first to respond to Georgia's appeal to other countries to give humanitarian aid to those who suffered as a result of floods in Abkhazia. "The only condition we made was to spread that aid also to the people who will be returning to the Gali District," he said.

Shevardnadze believes that the conference, which is to be held in September at the suggestion of President Boris Yeltsin and to be attended by the presidents of Russia, Georgia, Armenia, Azerbaijan and the North Caucasus republics belonging to the Russian Federation, "will become a factor for stability" only if the participants in it "reach concrete agreements." "To sit and talk about peace and friendship will yield nothing," he said.

The relationship between Russia and Georgia has considerably improved, Shevardnadze said. It differs greatly from what it used to be, he pointed out.

Ardzinba: No Mass Refugee Repatriation to Gali

LD1307175795 Moscow INTERFAX in English 1338 GMT 13 Jul 95

[FBIS Transcribed Text] Sukhumi, July 13 (INTERFAX) — Vladislav Ardzinba, president of the self-styled republic of Abkhazia, has warned he will not allow any mass repatriation of refugees to the republic's Gali region. "Any attempts to do so can only lead to the resumption of hostilities," he said speaking after talks in Sukhumi Thursday with Vasiliy Yakovlev, commander of the Russian peacekeeping force in Abkhazia.

Ardzinba said that the 40,000 Georgian refugees who live peacefully in Gali would be affected first if an en masse repatriation took place.

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He and Yakushev discussed how to prevent a repeat of last September's events when Russian peacekeepers tried "to stage a cover-up" of the massive repatriation of Georgian refugees, Ardzinba said.

He said Georgia and the UNCHR demanded that up to 200 refugees be allowed to come back every day. Ardzinba described the figure as unrealistic, saying Abkhazia would settle for a weekly 200 instead.

In his words, registration is now under way in Gali of spontaneously returning refugees, with 2,676 of them now being registered.

Yakushev told Interfax that understanding was reached on the mandate of the CIS peacekeeping force in Abkhazia, one of the issues he discussed with Ardzinba.

He described as extremely tense the current situation in Gali. Yakushev said 80% of Georgians who lived in Gali before an outbreak of war in August 1982 were now back in their homes.

Calls Early Return 'Provocation'

LD1307211095 Moscow INTERFAX in English 1732 GMT 13 Jul 95

[FBIS Transcribed Text] Sukhumi, July 13 (INTERFAX) — Abkhazian President Vladislav Ardzinba described as a provocation the remarks made by Russian Federation Council Chairman Vladimir Shumeyko, Georgian leader Eduard Shevardnadze and commander of the Russian peacekeeping force in the Georgian-Abkhazian conflict zone to the effect that Georgian refugees will return to their homes en masse.

Speaking at an extraordinary session of Abkhazian parliament in Sukhumi Thursday night he said that Georgian fighter units plam to enter the Gali District with the refugees.

Ardzinba made it clear that the Abkhazian leadership will not allow this. He told the MPs that he had sent a letter to Boris Yeltsin about a new mandate of the peacekeeping force. Ardzinba said that his county objects to the force assuming police functions.

He explained that Abkhazia will ignore the new mandate about which it was not consulted.

Parliament made a statement Thursday denouncing the provocative calls for mass return of Georgian refugees. It appealed to CIS member nations not to allow the peacekeeing force to assume police functions. Parliament wants the mandate of the force revised.

Russian Troops Maintain Fragile Peace in Abkhazia

LD1307213695 Moscow NTV in Russian 1800 GMT 13 Jul 95

[Video report by correspondent Arkadiy Mamontov; from the "Segodnya" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [Mamontov] There is no shooting in Abkhazia today. A fragile peace is holding with the support of Russian peacekeepers. Approximately 1,500 Russian soldiers are separating the hostile sides.

NTV's film crew managed to travel to the most remote area in the peacekeeping forces' security zone, the Kodori gorge. The Sukhumi military highway passes through it, linking Abkhazia to Georgia. No one either travels or lives here now, 45 km of completely deserted land.

[Petr Yatsenko, platoon captain in the peacekeeping forces] "The thing is that the area is very heavily mined and in two months here four Abkhaz servicemen were blown up."

[Mamontov] The Russian peacekeepers have an outpost in the village of Lata on the very spot where, in 1941, a Russian troops checkpoint stood guarding the Sukhumi road and where its ruins remain to this day. The paratroopers told us that there are approximately 20 places in the Kodori gorge where fighters can get through from Chechnya, and it is impossible to cover all the passing places completely.

[Yatsenko] "It is not ruled out, not ruled out, but we are basically working, you might say, in unison with Georgian border guards. The basic direction they come from is through the Klukhori pass along this road, along this road, so our group is always ready to go out at any moment."

[Mamontov] It is difficult to say how much resistance 20 soldiers can put up against detachments of 100-200 people. Major General Pavel Kuzenchak, chief of staff of the peacekeeping forces, said that the peacekeeping forces are scattered long distances from each other and, in the event of a conflict, they could hardly effectively oppose the warring sides. Today the military prefer to try to arrange contact between them.

[Kuzenchak] "To stand between these two opposing sides until the heat and enmity and hatred toward one another cool down. I think that the blood that has been shed has not yet dried. It is difficult to say simply that they will be reconciled tomorrow and that the day after tomorrow a new life will begin. Although blood is mixed, everyone is related here, everything

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is interwoven, nevertheless, they have not yet found a common language between themselves."

[Mamontov] We were convinced of this at the bridge over the Inguri River separating Abkhazians and Georgians in Galskiy District. Every day hundreds of people cross here to buy basic products on the Georgian side and take them back to blockaded Abkhazia. A small loaf of bread costs 1500 rubles and one kilogram of apples 300 rubles. The average wage and pension is 10-15,000 rubles.

It should be said that other business exists, too. Recently in Galskiy District hostages have been taken every week, not only for political reasons. For example, you can receive a ransom of $35,000 for the head of administration of a small village. Peasants are worth less, from 15 to 20 million rubles. But hostages are also exchanged for the corpses of slain fighters. These women were seized on a tea plantation and they are now being exchanged for a dead Georgian fighter who was killed in Abkhazia.

[Unidentified militiaman] "I am acting honestly, but you are not. [passage indistinct] Let us reach real agreement. The boy must be returned, what do you want? It is a 16-year-old boy." [passage indistinct]

[Mamontov] At the same time, a discussion begins between local heads. [passage indistinct]

As for ordinary people, they have a rather different attitude to the problems.

[Unidentified woman] "We are peasants. This war has ruined us all, their side and our side.

[Mamontov] "You are sick of it?

[Woman] "Yes, everyone's sick of it. Their children should have been going to school and our children should have been going to school. Our children are missing and their children are missing. I will not answer any more questions. We are all sick of it."

[Mamontov] One gets the impression that the only authority that the Georgian and Abkhaz sides more or less respect is the Russian troops, whose representatives are raising questions and demanding answers. The military think that Russia does not yet have a clear stance toward participants in the conflict. Both the Abkhazian and the Georgian sides accuse them of this.

Arkadiy Mamontov, Ilya Mardyukov, and Mikhail Kolosov for NTV from Abkhazia. [video shows Russian troops and outposts in the Kodori gorge, people crossing the bridge over the River Inguri and the hostage exchange]

Abkhazia Urges Reconsidering Peacekeepers' Mandate

LD1307204095 Moscow ITAR-TASS in English 1850 GMT 13 Jul 95

[By Irina Shchyogoleva]

[FBIS Transcribed Text] Sochi, July 13 (ITAR-TASS) — The parliament of Abkhazia which gathered for an extraordinary session in Sukhumi today, appealed to the Council of the heads of state of the Commonwealth to reconsider the mandate of the Commonwealth peacekeeping forces in this republic, sources in the Abkhazian parliament told Itar-Tass.

Highly appraising the efforts of Russian servicemen carrying out a peacekeeping mission in the zone of the Georgian-Abkhazian conflict in accordance with the Commonwealth mandate, deputies of the Abkhazian parliament spoke against what they characterized as "imparting police functions to the Commonwealth peacekeeping forces".

Judging by the statement adopted by Abkhazian deputies, they are mostly concerned about the fact that the existing status of the Commonwealth peacekeeping forces which was partially amended at the Minsk meeting of leaders of the Commonwealth countries in May this year, has become the basis for peacekeepers' participation in the settlement of the problem of the return of Georgian refugees who had left places of their permanent residence after the beginning of the conflict.

"The attempts to resolve the problem of refugees beyond the framework of the accepted procedure and the interference in the activities of local bodies of power may lead only to the aggravation of the conflict and the frustration of the whole process of the settlement," the authors of the statement note.

"The return of refugees to Abkhazia must be carried out in an organized and controlled manner," deputies of the Abkhazian parliament stressed in their statement.

There have not been lately any unsanctioned crossings by the people on the Inguri river which divides the territory of the Gali district of Abkhazia and the Zugdidi district of Georgia. As of today, the situation in the Gali district has not changed, Astamur Tarba, chairman of the Abkhazian president's security service told Itar-Tass today.

According to him, the Russian peacekeeping forces stationed in this district within the framework of the measures for the settlement of the Georgian-Abkhazian conflict, planned to conduct staff exercises these days with an advancement from the safe zone but then the exercises were canceled.

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The Abkhazian side is prepared to carry out work on the organized return and registration of refugees, Astamur Tarba noted.

According to data from the Abkhazian side, 40,000 Georgian refugees have already returned to the Gali district. These people were returning mostly without necessary documents and spontaneously. Therefore the Abkhazian authorities are now registering the refugees who have already returned. Over 1500 refugees have been registered. All of them were issued necessary documents which give them the legal right to live on this territory, Astamur Tarba informed.

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Latvia

Reportage on Swedish Foreign Minister's Visit

Hjelm-Wallen Discusses Cooperation

LD1307123395 Riga Radio Riga Network in Latvian 0901 GMT 13 Jul 95

[FBIS Translated Text] Swedish Foreign Minister Lena Hjelm-Wallen is continuing her visit to Latvia. Today she is meeting with Saeima Speaker Anatolijs Gorbunovs and President Guntis Ulmanis. She had (?talks) this morning with Foreign Minister Valdis Birkavs. (Richards Mucins), press secretary of the Ministry of Foreign Affairs, will tell us about that:

[Mucins] There were talks about the possibility of cooperation in the process of European integration, particularly taking into account the fact that Latvia, as you know, recently signed an association agreement with the European Union. Bilateral relations constituted the second group [of issues].

Speaking of the European Union, it should be said that the Swedish foreign minister again stressed and commended the fact that Latvia signed the association agreement. And what is at issue now is practical assistance — which, by the way, Sweden has always provided and could also continue to provide in the future in order for Latvia to be able to improve itself and for its preparation for talks on full membership. This provides for very concrete and practical projects — let us say, training of our people, help in harmonizing legislation, and similar aspects.

As far as bilateral issues are concerned, Latvia put forward several projects for which we (?ask) for Sweden's support. What we are really talking about is support for drafting the feasibility study for a new pulp mill. Latvia also thanked Sweden for it's gift to the Liepaja sewage purification project.

In addition, Latvia also mentioned the question — which is in fact a separate issue at the talks — of the Norwegian gas pipeline project which is already known well enough to everyone. And as you know, this project's implementation or nonimplementation also largely depends on Sweden's decision. What is at issue is a study of economic aspects — how profitable it would be for Sweden. And of course there is a second aspect — that is in fact the concept of power engineering in Sweden as such and discussion of this matter in Sweden.

And other international and bilateral issues will also be discussed [words indistinct] with other Latvian officials later today.

Hjelm-Wallen, Gorbunovs Meet

LD1307161995 Riga Radio Riga Network in Latvian 1100 GMT 13 Jul 95

[FBIS Translated Text] During their meeting today, Swedish Foreign Minister Lena Hjelm-Wallen and Saeima Chairman Anatolijs Gorbunovs discussed the situation with Latvia's Russian-speaking residents and the possibility of their integration into the society.

The Saeima chairman acknowledged that the economic life of the country was the sphere in which Russian-speaking residents were getting involved more actively than in any other field, and expressed satisfaction with Russian speakers' generally positive attitude toward the Latvian language. However, the state lacks funds for financing efficient language instruction.

Foreign Trade Volume Rising Since Jan

WS1407082895 Tallinn BNS in English 1300 GMT 13 Jul 95

[FBIS Transcribed Text] Riga, Jul 13, BNS — Latvian foreign trade volume has increased in the first five months of 1995, compared to the same time period in 1994, the State Statistical Committee reports.

Export of goods has gone up by 32.6 percent and reached 269 million lats. The total volume of import has increased by 34.2 percent and equals 347 million lats.

Difference between the total volumes of import and export has increased. In the first five months of 1995, import exceeded export by 29 percent, but in the same time period in 1994 — by 27.5 percent.

Importance of the European Union countries has increased and role of the CIS states has decrased in the Latvian foreign trade. In the first five months of 1994, Latvia exported 35.8 percent of goods to EU, but this year — already 47.3 percent. Import from EU reached 50 percent this year, compared to 35.8 percent last year.

Export volume to CIS states was 44.5 percent last year and 36.8 percent this year, but import volume equalled 35.2 percent in 1994 and 29.1 percent in 1995.

In the first five months of 1995, timber and wood products occupied the most significant place in Latvia's expor. — 28.6 percent. Share of textile fabrics and goods was 13.9 percent, food stuffs — 8.9 percent, mechanical and electrical appliances — 8.3 percent, metal and metalwork — 8.2 percent.

Export of timber and wood products has increased by 37.1 million lats, compared to 1994, and export of textile

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goods as well as agricultural production has gone up by respectively 7.3 and 5 million lats.

Export of transport vehicles has considerably decreased by 5.6 million lats, and export of footwear, headgear, umbrellas — by 2.2 million lats.

The largest share of Latvian import in the first five months of 1995 was occupied by mineral products — 22.3 percent, mechanical and electrical appliances — 17.9 percent, products of chemical industry and to-it-related branches — 11.9 percent, textile fabrics and goods — 8 percent, and transport vehicles — 7.7 percent.

Compared to the first five months of 1994, import of mechanical and electrical appliances and equipment has increased most rapidly — by 26 million lats. Import of goods of chemical industry and its related branches went up by 14.5 million lats, and import of textile fabrics and goods increased by 13.4 million lats.

Import of mineral products to Latvia has decreased by 7.7 million lats and import of meat and agricultural products — by 2.5 million lats.

Lithuania

Further Reportage on PRC Delegation Visit

Delegation Meets With MP's

WS1407112895 Tallinn BNS in English 1012 GMT 14 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 14, BNS — Representatives of several factions in the Lithuanian parliament met Thursday [13 July] with a delegation of Chinese lawmakers, who are in Lithuania on a five-day visit.

The need to strengthen political ties and economic cooperation between Lithuania and China was stressed during the delegation's meeting with representatives of the ruling Lithuanian Democratic Labor Party faction, said faction member Bronislovas Genzelis.

Meanwhile, issues discussed with members of opposition factions included the problem of Tibet and the human rights situation in China.

MP Laima Andrikiene, member of the opposition Conservative faction, said the Chinese delegation came to the meeting irritated over a picket of Tibet supporters near the parliament building. The Chinese lawmakers demanded that the meeting be held behind closed doors.

Andrikiene said members of the Lithuanian parliament's Tibet support group asked the Chinese parliamentarians if any changes can be expected in China's policy with respect to Tibet. The Chinese delegation stressed that Tibet is an integral part of China and therefore no policy changes will take place.

Asked about political prisoners in Tibet and the destruction of Tibetan culture, the Chinese lawmakers replied that only persons convicted of criminal offences are held in prisons and that no harm is done to culture.

Andrikiene, who heads the parliament's 40-member Tibet support group, said answers given by the Chinese delegation did not convince her.

Lithuanian lawmakers also inquired about possibilities of visiting Tibet to study the actual situation in that part of China. MP Luo Dun Shu [name as received], mayor of the Tibetan capital, Lhasa, said such a visit should be "coordinated through diplomatic channels."

Lithuanian opposition MPs also asked Chinese lawmakers about their attitude toward the conflict in Chechnya and relations with the United States. Delegation members expressed the view that the war in Chechnya is Russia's internal affair and reproached the United States of "initiating problems" in relations with China.

'Irritated' by Tibet Supporters

LD1307213995 Vilnius Radio Vilnius in English 1900 GMT 13 Jul 95

[FBIS Transcribed Text] On Thursday, the delegation of Chinese parliament members held meetings with the governing and opposition factions in the Lithuanian parliament to discuss the bilateral relations and the human rights situation in China.

The Chinese parliamentarians appeared to be irritated by a pro-Tibet demonstration outside parliament. They reiterated the categorical stand of the Chinese authorities that Tibet was an inseparable part of China and there will be no change of policies with regard to Tibet.

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